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## Memorandum

**TO: HONORABLE MAYOR  
AND CITY COUNCIL**

**FROM: Nadine Nader**

**SUBJECT: Early Council Packet**

**DATE: April 6, 2010**

Approved

Date

4-6-10

### **EARLY DISTRIBUTION COUNCIL PACKET FOR APRIL 20, 2010**

Please find attached the Early Distribution Council Packet for the April 20, 2010 Council Meeting.

**6.x Contract for the 2010 Prop 1B Slurry Seal Project.**

**Recommendation:**

- (a) Report on bids and award of contract for the 2010 Prop 1B Slurry Seal Project to the low bidder, Graham Contractors, Inc. in the amount of \$3,213,367 and approval of a five percent (5%) contingency in the amount of \$160,668.
  - (b) Adopt the following Appropriation Ordinance amendments in the Construction Excise Tax Fund:
    - (1) Increase the appropriation to the Department of Transportation for the Prop 1B – Pavement Maintenance project in the amount of \$6,039,000.
    - (2) Decrease the Reserve – Prop 1B Pavement Maintenance by \$6,039,000.
- CEQA: Exempt, File No. PP09-101. (Transportation/City Manager's Office)

**7.x Agreement with the US Bureau of Reclamation for Design and Construction of South Bay Water Recycling– Phase 1C Improvements.**

**Recommendation:**

- (a) Adopt a resolution authorizing the City Manager to negotiate and execute an agreement with U.S. Bureau of Reclamation to accept \$6,460,000 in grant funds, of which \$6,310,000 million will be for design and construction of South Bay

Water Recycling Phase 1C facilities, and \$150,000 will be retained by the Bureau of Reclamation for administrative and other costs.

- (b) Adopt the following Appropriation Ordinance and Funding Sources Resolution amendments in the San José-Santa Clara Treatment Plant Capital Fund:
- (1) Establish an estimate for Recovery Act – Federal Revenue in the amount of \$1,875,000;
  - (2) Establish an appropriation to the Environmental Services Department for Recovery Act – South Bay Water Recycling Phase IC in the amount of \$6,310,000.
  - (3) Decrease the appropriation to the Environmental Services Department for Revised South Bay Action Plan - SBWR Extension by \$4,435,000.
- (Environmental Services/City Manager's Office)

**7.x Amendment to Agreement for the South Bay Water Recycling Program.**

**Recommendation:** Adopt a resolution authorizing the City Manager to negotiate and execute the Seventh Amendment to the construction service agreement with City of Santa Clara for the South Bay Water Recycling Program, revising the approved project list, increasing the maximum amount payable by the City of San José by \$3,050,000 to a total maximum amount not to exceed \$33,450,000. CEQA: Resolution No. 64667, File No. PP91-04-090 and Addenda thereto adopted by City of Santa Clara under the following reference numbers: Santa Clara Industrial 3A: PLN2009-07929 and CEQ2009-01093. (Environmental Services)

**SJFA Items**

**2 Actions Related to the City of San José Financing Authority's Commercial Paper Program and Actions Related to the Administration and Meeting Schedule of the San José Financing Authority.**

**Recommendation:**

- (a) Adopt a resolution of the City Council to:
- (1) Approve an amendment to the Amended and Restated Trust Agreement and authorize other related actions relating to the City of San José Financing Authority's Lease Revenue Commercial Paper Notes Program in order to allow issuance of Commercial Paper Notes to fund a loan to the Low and Moderate Income Housing Fund in an amount not to exceed the amount specified in a loan agreement by and among the City, the Authority, and the Redevelopment Agency, and to allow issuance of Commercial Paper Notes to fund advances to the City in order to address the City's cash flow needs.
- (b) Adopt a resolution of the City of San José Financing Authority Board to:

- (1) Adopt a resolution to approve and authorize the execution of an amendment to the Amended and Restated Trust Agreement and authorize other related actions relating to the City of San José Financing Authority's Lease Revenue Commercial Paper Notes Program in order to allow issuance of Commercial Paper Notes to fund a loan to the Low and Moderate Income Housing Fund in an amount not to exceed the amount specified in a loan agreement by and among the City, the Authority, and the Redevelopment Agency and to allow issuance of Commercial Paper Notes to fund advances to the City in order to address the City's cash flow needs.
- (2) Adopt a resolution to amend and restate Resolution No. SJFA-1 in order to modify the City of San José Financing Authority's regular meeting schedule, to confirm the appointment of Authority officials, to adopt Amended and Restated Bylaws, and to update the reference to the Conflict of Interest Code, to clarify that members of the Governing Board of the City of San José Financing Authority are subject to the provisions of the Conflict of Interest Code of the City, adopted by the City Council on March 24, 2009 by Resolution No. 74837, as may be amended.

CEQA: Not a Project. (Finance)

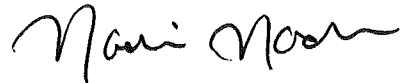
### **3 City Appropriation Actions Related to the SERAF Financing.**

#### **Recommendation:**

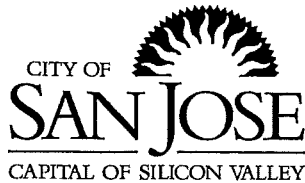
- (a) Adopt the following Appropriation Ordinance and Funding Sources Resolution amendments in the Low and Moderate Income Housing Fund:
  - (1) Increase the estimate for Earned Revenue by \$52,734,250;
  - (2) Establish a Loan to the San José Redevelopment Agency in the amount of \$52,000,000;
  - (3) Establish a Reserve for the Loan Origination and Annual Monitoring Fee in the amount of \$406,250;
  - (4) Increase the Debt Service appropriation by \$172,000; and
  - (5) Establish an appropriation to the Housing Department for Commercial Paper Debt Service in the amount of \$156,000.
- (b) Adopt the following Appropriation Ordinance amendments in the Ice Centre Revenue Fund:
  - (1) Establish a Loan to the San José Redevelopment Agency in the amount of \$2,000,000; and
  - (2) Decrease the Ending Fund Balance by \$2,000,000.
- (c) Adopt the following Appropriation Ordinance amendments in the Sewage Treatment Plant Connection Fee Fund:
  - (1) Establish a Loan to the San José Redevelopment Agency in the amount of \$5,000,000; and
  - (2) Decrease the Reserve for Treatment Plant Expansion by \$5,000,000.

- (d) Adoption of the following Appropriation Ordinance amendments in the Subdivision Park Trust Fund:
- (1) Establish a Loan to the San José Redevelopment Agency in the amount of \$3,000,000; and
  - (2) Decrease the Reserve for Future Parkland Dedication Ordinance (PDO)/Park Impact Fee Ordinance (PIFO) Projects by \$3,000,000.
- CEQA: Not a Project. (Finance / Housing /City Manager's Office)

These items will also be included in the Council Agenda Packet with item numbers.



NADINE NADER  
Assistant to the City Manager



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Hans F. Larsen  
Jennifer A. Maguire

**SUBJECT:** 2010 PROPOSITION 1B  
SLURRY SEAL PROJECT

**DATE:** 03-29-10

Approved

Date

**COUNCIL DISTRICT:** Citywide

## **RECOMMENDATION**

1. Report on bids and award of contract for the 2010 Prop 1B Slurry Seal Project to the low bidder, Graham Contractors, Inc. in the amount of \$3,213,367 and approval of a five percent (5%) contingency in the amount of \$160,668.
2. Adopt the following Appropriation Ordinance amendments in the Construction Excise Tax Fund:
  - a. Increase the appropriation to the Department of Transportation for the Prop 1B – Pavement Maintenance project in the amount of \$6,039,000
  - b. Decrease the Reserve – Prop 1B Pavement Maintenance by \$6,039,000

## **OUTCOME**

Approval of this construction contract to Graham Contractors, Inc. will help maintain and preserve approximately 70 miles of arterial/collector streets and 77 miles of residential streets. Sealing these streets will extend their useful life and defer more costly repairs and rehabilitation. Approval of a five percent contingency will provide funding for any unanticipated work necessary for the proper completion of the project. The recommended action also supports the Transportation and Aviation Services City Service Area goal to *Preserve and Improve Transportation Assets and Facilities*.

## **BACKGROUND**

The Department of Transportation (DOT) annually schedules streets to be surface sealed as part of the City's Pavement Maintenance Program. Surface sealing is the process of applying approximately a one-quarter inch thick mixture of oil and aggregate to the existing surface of a street to protect it from the environment and provide a new wearing surface. When used on streets in acceptable or better condition, it is one of the most cost-effective ways to preserve and extend the service life of a street.

This contract specifies a traditional surface seal on approximately 70 miles of arterial/collector streets and the final sealing layer of a more extensive double surface seal treatment on approximately 77 miles of residential streets. Information provided by the City's computerized Pavement Management System, by the public, during field investigations, and through reviews of upcoming developments and street-related projects is used to identify candidate streets for sealing. The final list of streets to receive sealing is established using the following criteria:

- Street condition
- Streets due or past due for maintenance based on prescribed maintenance cycles
- Streets with numerous maintenance requests
- Streets not affected by current or future street related projects
- Relative location of street segments to create multiple, continuous segments, consistency within neighborhoods, and project efficiency
- Appropriate distribution of street maintenance throughout the City

Attachment A contains the list of arterial/collector streets and Attachment B contains the list of residential streets designated to receive treatment. It should be noted that the list could be slightly altered as unforeseen circumstances arise or new information regarding other street-related projects becomes available.

### **ANALYSIS**

Bids for this project were received on March 4, 2010 with the following results:

<b>Contractor</b>	<b>City</b>	<b>Bid Amount</b>	<b>Variance Amount</b>	<b>Percent Over/ Under Engineer's Estimate</b>
American Asphalt Repair and Resurfacing Co., Inc.	Hayward	\$4,826,337	\$662,856	15.9% over
<b>Project Engineer's Estimate</b>		<b>\$4,163,481</b>		
Valley Slurry Seal	Sacramento	\$4,148,674	(\$14,807)	0.36% under
Graham Contractors, Inc.	San Jose	\$3,213,367	(\$950,114)	22.8% under

The bid documents have been evaluated and found to be in order. The low bid submitted by Graham Contractors, Inc., is 22.8% under the Engineer's Estimate. The Project Engineer's Estimate for this project is \$4,163,481. The estimate is based on bids received from similar past projects and current estimated construction prices. The lower than expected bid from Graham Contractors, Inc. is a result of several factors, including the current economic situation and a very competitive bidding environment. The \$950,114 remaining from the project bid results will be used to address treatment of priority street locations in future projects.

Council Policy provides for a standard contingency of five percent on projects involving street sealing. Staff considers the standard contingency appropriate for this project.

Construction is scheduled to begin in May 2010 and will be completed before the end of November 2010.

Proposition 1B funds from the State were received at the end of 2008-2009 for various pavement maintenance projects including street sealing and resurfacing of City streets. The appropriation actions recommended in this memorandum will provide contractual services funding for street surface sealing and provide funding for materials so that the City's in-house crew to perform residential street surface sealing.

### **EVALUATION AND FOLLOW-UP**

The project is currently within budget and on schedule with a projected completion in November 2010. No additional follow up actions with the Council are expected at this time.

### **POLICY ALTERNATIVES**

Not applicable.

### **PUBLIC OUTREACH/INTEREST**

- ✓ **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater; **(Required: Website Posting)**
- ☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This item meets Criterion 1: Requires Council action on the use of public funds equal to \$1 million or greater. To solicit contractors this project was listed on the City's Internet Bid Line and advertised in the *San José Post Record* and bid packages for this construction project were also provided to various contractor organizations and builders' exchanges.

This award memo will be posted on the City's website for the April 20, 2010 Council Agenda.

In addition, when the project commences, the contractor, as stated in the specifications, will provide advance notification regarding working hours, duration of project, and any appropriate schedule and lane closures to affected businesses and residents. To inform traveling motorists of upcoming construction activities and potential traffic delays, changeable message signs may be used on selected streets stating the schedule dates and time for work to occur on the street.

### **COORDINATION**

This memo has been coordinated with the City Attorney's Office and the Planning, Building, and Code Enforcement Department.

### **FISCAL/POLICY ALIGNMENT**

This project is consistent with the Council-approved Budget Strategy Economic Recovery sections in that it will spur construction spending in our local economy. The project is also consistent with the Council-approved Budget Strategy General Principles section in that it protects vital core City services.

### **COST IMPLICATIONS**

1. COST OF PROJECT:

Project Delivery/Development	\$321,337
Construction Contract	\$3,213,367
Contingency	<u>\$160,668</u>

TOTAL PROJECT COSTS: \$3,695,372

2. COST ELEMENTS OF CONSTRUCTION CONTRACT:

Sealing	\$2,663,910
Striping/Markings	\$490,457
Police Traffic Control and Misc. Items	<u>\$59,000</u>

TOTAL CONSTRUCTION CONTRACT COSTS: \$3,213,367

3. SOURCE OF FUNDING: 465 - Construction Excise Tax Fund

4. FISCAL IMPACT: This project will have no net operating and maintenance costs to the General Fund.



**BUDGET REFERENCE**

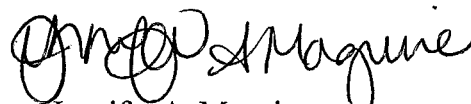
The table below identifies the fund and appropriations proposed to fund the contract recommended as part of this memo, including project delivery, construction, and contingency costs.

Fund #	Appn #	RC #	Appn. Name	Total Appn	Amt. for Contract	2009-2010 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
465	6174	160365	Prop 1B – Pavement Maintenance	\$9,567,000	\$760,423	V-990	10/20/2009, Ord No. 28653
465	5216		Prop 42 – Pavement Maintenance	\$5,242,000	\$2,452,944	V-991	10/20/2009, Ord. No. 28653
Total Current Funding Available =				\$14,809,000	\$3,213,367		

**CEQA**

Exempt, File No. PP09-101

  
Hans F. Larsen  
Acting Director of Transportation

  
Jennifer A. Maguire  
Budget Director

For questions please contact Rene Cordero, Division Manager of Infrastructure Maintenance for Transportation at 277-8147.

Attachments

# ATTACHMENT A

## 2010 Arterial/Collector Slurry Seal

CD	Street Name	From	To
3	ALMA AV	LITTLE ORCHARD	MONTEREY HY
2	BLOSSOM HILL RD EB	JUDITH ST	HWY 101 BRIDGE
2	BLOSSOM HILL RD WB	HWY 101 BRIDGE	JUDITH ST
9	CARLTON AV	CITY LIMIT	NATIONAL AV
3	CHARCOT AV EB	ORCHARD PW	IST ST N
3	CHARCOT AV WB	IST ST N	ORCHARD PY
2	CHYNOWETH AV EB	CHERRY BLOSSOM	MONTEREY HY
2	CHYNOWETH AV WB	MONTEREY HY	CHERRY BLOSSOM
6	COE AV	BIRD AV	LINCOLN AV
3	COLEMAN AV	TAYLOR ST W	HEDDING ST W
3	COLEMAN AV NB	W JULIAN ST	TAYLOR ST W
3	COLEMAN AV SB	TAYLOR ST W	JULIAN ST W
7	CURTNER AV EB	STONE DR	MONTEREY RD
7	CURTNER AV WB	MONTEREY RD	STONE DR
2	EDENVALE AV	CHYNOWETH AV	SADDLEBROOK DR
6	FOREST AV	MONROE ST	FOREST AV
9	FOXWORTHY AV	BASCOM AV	UNION AV
9	FOXWORTHY AV	LEIGH AV	MANDA DR
6	FRUITDALE AV	SOUTHWEST EX	RACE ST
10	HARRY RD	MCKEAN CT	CAMDEN AV
9	HILLSDALE AV	MERIDIAN AV	3000'W/MERIDIAN
9	HILLSDALE AV EB	CAMDEN AV	3000'W/MERIDIAN
9	HILLSDALE AV WB	3000'W/MERIDIAN	CAMDEN AV
5	JACKSON AV S	STORY RD	MCKEE RD
3	JACKSON ST	IST ST	4TH ST
2	LEAN AV	CURIE DR	BLOSSOM HILL RD
10	LEYLAND PARK DR	CAMDEN AV	MCABEE RD
7	LITTLE ORCHARD ST	CURTNER AV	BARNARD AV
7	LUCRETIA AV	STORY RD	PHELAN AV
4	LUNDY AV	400'N/HOSTETTER	BERRYESSA RD
4	LUNDY AV NB	400'N/HOSTETTER	TRADE ZONE BL
4	LUNDY AV SB	TRADE ZONE BL	400'N/HOSTETTER
4	MABURY RD	RAILROAD	KING RD
10	MCABEE RD	CAMDEN AV	GOLDEN OAK WY
5	MCKEE RD EB	KING RD	N CAPITOL AV
5	MCKEE RD WB	N CAPITOL AV	N KING RD
7	MCLAUGHLIN AV	TULLY RD	CANDIA DR
6	MERIDIAN AV	PARKMOOR AV	PARK AV
6	MERIDIAN AV	CHERRY GROVE DR	FRUITDALE
6	MERIDIAN AV NB	FRUITDALE AV	PARKMOOR AV

# ATTACHMENT A

## 2010 Arterial/Collector Slurry Seal

CD	Street Name	From	To
6	MERIDIAN AV SB	PARKMOOR AV	FRUITDALE AV
8	MT PLEASANT RD	EASTRIDGE DR	KOHLER AV
8	MURILLO AV	QUIMBY RD	NORWOOD AV
10	NARVAEZ AV	CAPITOL EX	BRANHAM LN
4	NOBLE AV	PIEDMONT RD	NOBLE LN
5	PENITENCIA CREEK RD	DORAL DR	TOYON AV
5	PENITENCIA CREEK RD	STONECREST WY	CAPITOL AV N
10	REDMOND AV	MERIDIAN AV	COLEMAN RD
4	RINGWOOD AV	MCKAY DR	SAJAK AV
8	RUBY AV	TULLY RD	NORWOOD AV
8	RUBY AV	FALLS CREEK	DELTA RD
8	RUBY AV	APPERSON RIDGE	QUIMBY RD
8	RUBY AV NB	DELTA RD	FOWLER RD
8	RUBY AV SB	FOWLER RD	DELTA RD
7	SEVEN TREES BL	CAPITOL EX	SENER RD
4	SIERRA RD	LUNDY AV	END
7	SNELL AV	HILLSDALE AV	CAPITOL EX
2/10	SNELL AV	930'N/BLOSSOM	BRANHAM LN
10	SNELL AV NB	930'N/BLOSSOM	BLOSSOM HILL RD
10	SNELL AV SB	930'N/BLOSSOM	BLOSSOM HILL RD
7	TULLY RD	LUCRETIA AV	MCLAUGHLIN AV
8	TULLY RD EB	VISTA VERDE DR	RUBY AV
8	TULLY RD WB	RUBY AV	VISTA VERDE DR
8	WHITE RD S NB	CUNNINGHAM AV	OCALA AV
8	WHITE RD S SB	OCALA AV	CUNNINGHAM AV
1	WILLIAMS RD	MOORPARK AV	SARATOGA AVE
1	WINCHESTER BL	S MOORPARK AV	135'S IMPALA DR
9/10	WINFIELD BL	BLOSSOM HILL RD	CHYNOWETH AV

# ATTACHMENT B

## 2010 Residential Cape Seal

CD	STREET NAME	FROM	TO
3	ACACIA ST	SAN PEDRO ST	W END
2	AKLAN CT	CAMINO VERDE DR	E END
10	ALLEN AV	SANTA TERESA BL	FOOTHILL DR
10	ALMADEN RD	SERENITY WY	1012'N/SERENITY
10	ALMADEN RD	1012'N/SERENITY	W END
2	ALRIC CT	ALRIC DR	S END
2	ALRIC DR	COTTLE RD	MAYO DR
10	AMUR CREEK CT	CALCATERRA DR	E END
10	ANJOU CREEK CR	CALCATERRA DR	CALCATERRA DR
10	ANJOU CREEK CT	ANJOU CREEK CR	E END
2	APPLEGATE CT	CURIE DR	S END
2	APPLEGATE DR	CURIE DR	JAGGERS DR
7	ARCTIC AV	BALTIC AV	FELDSBAR DR
7	ARDEN FARMS PL	SEBASIAN WY	S END
6	ARDIS DR	COASTLAND AV	COASTLAND AV
2	ARROWHEAD DR	GERONIMO DR	SANTA TERESA BL
3/6	ASBURY AV	THE ALAMEDA	ELM ST
3/6	ASBURY AV	ELM ST	STOCKTON AV
3	ASBURY ST	N 1ST ST	MILLER ST
3	ASBURY ST	MILLER	SAN PEDRO
3	ASBURY ST	N SAN PEDRO ST	W END
2	BAGUIO CT	CURIE DR	S END
7	BALTIC WY	SENDER RD	ARCTIC AV
10	BARNES LN	ALMADEN RD	S END
10	BARTLETT CREEK CT	CALCATERRA DR	E END
2	BEAL CT	CURIE DR	S END
2	BECKHAM DR	COTTLE RD	OBERLIN WY
5	BELFAST DR	CAPITOL AV	SUFFOLK DR
10	BELLIS CT	HANCOCK AV	W END
6	BENNETT WY	LINCOLN AV	GLEN UNA
2	BENZO DR	LOS PINOS WY	CURIE DR
2	BEVIL CT	CURIE DR	S END
2	BISON CT	JAGGERS DR	S END
10	BOSE CT	BOSE LN	W END
10	BOSE LN	CAMDEN AV	HAMPTON DR
10	BOSE LN	ALMADEN RD	CAMDEN AV
10	BOX CANYON RD	LEYLAND PARK DR	W END

# ATTACHMENT B

## 2010 Residential Cape Seal

CD	STREET NAME	FROM	TO
2	BRENDA LEE DR	COLLEEN DR	SNELL AV
7	BRENNING DR	GUERRA DR	MEKLER DR
10	BRIDGE CT	QUEENSBRIDGE WY	S END
2	BROOKMERE DR	OBERLIN WY	E END
10	BUTANO CT	SANTA TERESA BL	S END
6	BYERLEY AV	GLEN UNA WY	JONATHAN AV
6	BYERLEY AV	JONATHAN AV	BIRD AV
10	CALCATERRA CT	CALCATERRA DR	E END
10	CALCATERRA DR	RAJKOVICH WY	ANJOU CREEK CR
10	CALCATERRA DR	ANJOU CREEK CR	QUEENSBRIDGE WY
10	CALCATERRA DR	QUEENSBRIDGE WY	SCARSDALE PL
10	CALCATERRA DR	SCARSDALE PL	SPRING HILL WY
10	CAMELIA DR	CAMDEN AV	HILLCREST DR
2	CAMINO VERDE DR	CURIE DR	MANILA DR
2	CAMINO VERDE DR	SORRENTO WY	CURIE DR
2	CAMINO VERDE DR NB	SORRENTO WY	SANTA TERESA BL
2	CAMINO VERDE DR SB	SANTA TERESA BL	SORRENTO WY
3	CAMPBELL AV	S END	CITY LIMIT
10	CAMPISI CT	CASUAL WY	S END
10	CANDY LYNN CT	REDMOND AV	S END
9	CANTO DR	CAMDEN AV	HOWES LN
5	CAPITOL CT	CAPITOL AV	E END
10	CARLA CT	CARLA DR	N END
10	CARLA DR	EL PASEO DR	ALMADEN RD
10	CARNFORTH CT	CALCATERRA DR	S END
10	CASABA CREEK CT	CALCATERRA DR	E END
2	CASTILLON WY	PURPLE HILLS DR	CATAMARAN ST
10	CASTLEROCK DR	OLIVE BRANCH LN	1502 S/OF OLIVE BRANCH LN
10	CASTLEROCK DR	1502 S/OF OLIVE BRANCH LN	ECHO VALLEY DR
10	CASUAL CT	CASUAL WY	S END
10	CASUAL WY	SERENITY WY	LENWOOD WY
2	CATAMARAN ST	SAN IGNACIO AV	PURPLE HILLS DR
2	CAYUGA CT	CAYUGA DR	S END
2	CAYUGA DR	TILLAMOOK DR	SNELL AV
2	CEBU CT	CURIE DR	S END
10	CHATEAU CT	CHATEAU DR	S END
10	CHATEAU DR	HAMPTON DR	OLIVE BRANCH LN
10	CHATEAU DR	OLIVE BRANCH LN	END OF DIVIDE

# ATTACHMENT B

## 2010 Residential Cape Seal

CD	STREET NAME	FROM	TO
10	CHATEAU DR	554' S/OLIVE BR	EAST END
3	CHESTNUT ST	HEDDING ST W	TAYLOR ST W
5	CHILTERN WY	FARRINGTON DR	E END
2	CHOCTAW CT	CHOCTAW DR	N END
3	CINNABAR ST	AUTUMN ST N	W END
6	CINNABAR ST	JULIAN ST W	STOCKTON AV
3	CLAYTON AV	W END	N SAN PEDRO ST
3	CLAYTON AV	N SAN PEDRO ST	N 1ST ST
6	COASTLAND AV	PINE AV	MALONE RD
2	COLLEEN CT	COLLEEN DR	S END
2	CONEJO DR	JAGGERS DR	SAN ANSELMO WY
7	CONTI CT	BRENNING DR	W END
6	COOK ST	O'BRIEN CT	NEWHALL ST
10	COPPER PEAK LN	SPRING HILL WY	SCARSDALE PL
10	CORVALLIS CT	CORVALLIS DR	S END
10	CORVALLIS DR	ALMADEN RD	GLENVIEW DR
10	CORVALLIS DR	GLENVIEW DR	ELWOOD DR
2	COTTLE RD	CURIE DR	S END
8	COVE CT	CUNNINGHAM AV	N END
5	COVENTRY DR	SUFFOLK DR	CAPITOL AV
10	CRANBROOK CT	CAMDEN AV	W END
2	CREE CT	CREE DR	N END
8	CUNNINGHAM CT	CUNNINGHAM AV	S END
2	CURIE CT	CURIE DR	E END
2	DADE CT	BECKHAM DR	E END
2	DEL CANTO DR	LOS PALMOS WY	SORRENTO
2	DEL CANTO DR	SORRENTO WY	SANTA TERESA BL
3	DELNO ST	NEWHALL ST	O'BRIEN CT
6	DELNO ST	NEWHALL ST	S END
9	DENT AV	BRANHAM LN	END
9	DENT AV	REBEL WY	KOOSER RD
5	DONCASTER WY	PADDINGTON WY	FARRINGTON DR
9	DONNA LN	CAMDEN AV	ROSS AV
10	DORENE PL	TANNAHILL DR	S END
2	DU SAULT DR	CURIE DR	SAN ANSELMO WY
10	DWYER AV	BOSE LN	CAMDEN AV
10	DWYER AV	ALMADEN RD	BOSE LN
10	DWYER CT	DWYER AV	S END

# ATTACHMENT B

## 2010 Residential Cape Seal

CD	STREET NAME	FROM	TO
10	EAGLE CLIFF CT	HOLLOW LAKE WY	W END
10	EAGLE VALLEY CT	HOLLOW LAKE WY	S END
10	ECHO LOOP	ECHO RIDGE DR	ECHO VALLEY DR
10	ECHO RIDGE CT	ECHO RIDGE DR	W END
10	ECHO RIDGE DR	ECHO VALLEY DR	E END
10	ECHO VALLEY DR	HILLCREST CT	1560' S/HILLCRE
10	ECHO VALLEY DR	1560' S/HILLCRE	WEBB CANYON DR
10	ECHO VALLEY DR	WEBB CANYON DR	TO END
10	ECHO VALLEY DR	ECHO LOOP	E END
7	EL CAJON DR	SEVEN TREES BL	SENER RD
2	EL MOLINO WY	CAMINO VERDE DR	COTTLE RD
10	EL PASEO DR	REDMOND AV	CAMDEN AV
2	EL PORTAL WY	CAMINO VERDE	ENCINAL DR
2	EL PORTAL WY	COTTLE RD	CAMINO VERDE
10	EL PRADO CT	EL PRADO DR	S END
10	EL PRADO DR	EL PASEO DR	ALMADEN RD
10	EL TORO CT	SANTA TERESA BL	S END
6	ELLEN AV	BYERLEY AV	LINCOLN CT
6	ELM ST	HAMLIN ST	NEWHALL ST
6	ELM ST	VILLA AV	TAYLOR ST W
10	ELWOOD CT	50 N/O TANNAHILL DR	N END
10	ELWOOD RD	HAMPTON DR	ECHO VALLEY DR
10	ELWOOD RD	793 S/O OLIVE BRANCH LN	HAMPTON DR
10	ELWOOD RD	118 S/O OLIVE BRANCH LN	793 S/O OLIVE BRANCH LN
10	ELWOOD RD	OLIVE BRANCH LN	118 S/O OLIVE BRANCH LN
10	ELWOOD RD	OLIVE BRANCH LN	TRINIDAD DR
10	ELWOOD RD	TRINIDAD DR	171 N/O ROYSTON CT
10	ELWOOD RD	171 N/O ROYSTON CT	50 N/O TANNAHILL DR
6	ELYSIAN PL	RADIO AV	W END
10	EMMA CT	QUEENSBRIDGE WY	E END
3	EMORY ST	W END (R.R.)	CHESTNUT ST
3	EMORY ST	CHESTNUT ST	COLEMAN AV
3	EMORY ST	COLEMAN AV	210' E/COLEMAN
10	EVANGELINE CT	COLLEEN DR	S END
10	EVANGELINE DR	COLLEEN DR	LOS HUECOS DR
7	EZIE ST	SENER RD	EL CAJON DR
7	EZIE ST	EL CAJON DR	SENER RD
10	FALCON KNOLL CT	FALCON KNOLL DR	N END

# ATTACHMENT B

## 2010 Residential Cape Seal

CD	STREET NAME	FROM	TO
10	FALCON KNOLL DR	FALCON KNOLL CT	SPRING HILL WY
10	FALCON RIDGE CT	FALCON KNOLL DR	E END
5	FARRINGDON DR	WHITE RD	MURTHA DR
5	FARRINGDON DR	MURTHA DR	140 N/OFF FARRINGTON CT
5	FARRINGDON DR	140'N/FRNGDN CT	PARK LN
7	FEHREN DR	MONTEREY HY	PFEIFLE AV
2	FELDER DR	MALORY DR	WOOSLEY DR
7	FELDSBAR DR	ARCTIC AV	SENDER RD
2	FIELDCREST DR	LOS PINOS WY	WOOSLEY DR
3	FILOMENA AV	N SAN PEDRO ST	W END
10	FOOTHILL DR	ALLEN AV	CAHALAN AV
10	FOOTHILL GLEN CT	FOOTHILL GLEN D	E END
10	FOOTHILL GLEN DR	FOOTHILL DR	SANTA TERESA BL
3	FOX AV	N SAN PEDRO ST	N 1ST ST
10	FOX MEADOW CT	SCARSDALE PL	W END
10	FOXHURST WY	SCARSDALE PL	ALMADEN RD
3	FRANKFURT AV	SHERWOOD AV	NEWHALL ST
8	GANA CT	CUNNINGHAM AV	N END
7	GARDEN AV	LEWIS RD	N END
10	GARRETT CT	GLENVIEW DR	S END
9	GATES DR	LENCAR WY	NELSON WY
9	GAYLE DR	LENCAR WY	GUNSTON WY
2	GERONIMO DR	CHOCTAW DR	SANTA TERESA BL
6	GLEN UNA WY	PINE AV	MALONE RD
10	GLENDORA CT	COLLEEN DR	S END
10	GLENSIDE DR	SUNSET GLEN DR	CHESBRO AV
10	GLENVIEW DR	ECHO VALLEY DR	STARLING VALLEY DR
10	GLENVIEW DR	STARLING VALLEY DR	PELICAN RIDGE DR
10	GLENVIEW DR	PELICAN RIDGE DR	QUAIL VIEW WY
10	GLENVIEW DR	QUAIL VIEW WY	RAJKOVICH WY
10	GLENVIEW DR	ECHO VALLEY DR	S END
10	GOLD CREEK CT	GOLD CREEK WY	W END
10	GOLD CREEK WY	GRIMLEY WY	MOCKINGBIRD H L
10	GOLDPINE CT	GOLDPINE WY	S END
10	GOLDPINE WY	GOLDPINE CT	ROCKHAVEN DR
10	GRAPEVINE WY	PAJARO WY	PARMA DR
10	GRIMLEY LN	ALMADEN RD	1034'S/ALMADEN
10	GRIMLEY LN	1034'S/ALMADEN	JALAND CT



# ATTACHMENT B

## 2010 Residential Cape Seal

CD	STREET NAME	FROM	TO
7	GUERRA CT	GUERRA DR	N END
7	GUERRA DR	SENER RD	W END
9	GUNSTON WY	GAYLE DR	LEIGH AV
9	GUNSTON WY	LEIGH AV	WYRICK AV
2	GUNTER WY	COLLEEN DR	CREE DR
10	HAMIDA CT	LAZY RIVER WY	W END
3	HAMLIN ST	CHESTNUT ST	E END
6	HAMLIN ST	SHERWOOD AV	ELM ST
10	HAMPTON CT	HAMPTON DR	E END
10	HAMPTON DR	HILLCREST DR	CROWN BL
10	HAMPTON DR	CROWN BL	HAMPTON CT
10	HAMPTON DR	CAMELIA DR	HILLCREST DR
10	HANCOCK AV	BLOSSOM AV	EVANGELINE DR
3	HAWTHORNE WY	N SAN PEDRO ST	N 1ST ST
3	HAWTHORNE WY	N SAN PEDRO ST	W END
2	HEATHERCREEK WY	SANTA TERESA BL	GERONIMO DR
2	HEATHERKIRK CT	GERONIMO DR	E END
3	HEDDING FRONTAGE RD W N	E END	ELM ST
9	HEIMGARTNER LN	UNION AV	KENLAR DR
2	HERCUS CT	JAGGERS DR	S END
2	HESKET CT	CURIE DR	W END
10	HIDDEN MINE RD	LEYLAND PK DR	W END
10	HILLCREST CT	HILLCREST DR	E END
10	HILLCREST DR	HAMPTON DR	ECHO VALLEY RD
2	HOKETT WY	BLOSSOM AV	SHADELANDS DR
10	HOLLOW LAKE WY	VALLEY QUAIL CR	QUAIL CREST WY
10	HOLLOW PARK CT	MCCALL DR	E END
10	HOLLY ANN PL	ELWOOD RD	S END
9	HOMERITE DR	LEIGH AV	180°W/LEIGH AV
6	HOOVER AV	PERSHING AV	SCHIELE AV
2	HOPI CR	CAYUGA DR	CAYUGA DR
2	HOPI CT	HOPI CR	N END
9	HOWES LN	CARTER AV	REBEL WY
9	HOWES LN	REBEL WY	END
9	HOWES LN	CANTO DR	E END
10	HUNTSFIELD CT	STERLING GATE DR	N END
2	IOWA DR	SANTA TERESA BL	UTE DR
2	JAGGERS DR	APPEGATE DR	RADKO DR

# ATTACHMENT B

## 2010 Residential Cape Seal

CD	STREET NAME	FROM	TO
2	JAI DR	CAMINO VERDE DR	COTTLE RD
10	JEREMIE CT	JEREMIE DR	S END
10	JEREMIE DR	TRINIDAD DR	NORTHBRIDGE DR
6	JONATHAN AV	LINCOLN CT	MALONE RD
6	JONATHAN AV	BYERLEY AV	MALONE RD
9	JOSEPH LN	KOOSER AV	REBEL WY
10	JULI LYNN DR	MCABEE RD	E END
2	KANEKO DR	CASTILLON WY	PEMBA DR
10	KELEZ CT	KELEZ DR	N END
10	KELEZ DR	EL PASEO DR	ALMADEN RD
10	KENDAL CT	CALCATERRA DR	E END
10	KLEE CT	EVANGELINE DR	E END
5	KOLLMAR DR	CAPITOL AV	STORY RD
2	KONA CT	KONA PL	E END
2	KONA PL	N END	KANEKO DR
2	KORHUMMEL WY	JAGGERS DR	CURIE DR
10	LARIOS WY	SANTA TERESA BL	DUBANSKI DR
9	LAWSON CT	BRANHAM LN	S END
10	LAZY RIVER WY	TRINIDAD DR	WEeping OAKS CT
10	LAZY RIVER WY	WEeping OAKS CT	OLIVE BRANCH LN
10	LENWOOD WY	CORVALLIS DR	SERENITY WY
6	LENZEN CT	LENZEN AV	N END
10	LEYLAND PARK DR	GILLIS DR	BOX CANYON RD
10	LEYLAND PARK DR	MCABEE RD	GILLIS DR
10	LEYLAND PARK DR	BOX CANYON RD	ECHO VALLEY DR
9	LIETZ AV	HOWES LN	CARTER AV
6	LINCOLN CT	RADIO AV	LINCOLN AV
6	LINCOLN CT	LINCOLN AV	COASTLAND AV
9	LINWOOD DR	GUNSTON WY	NELSON WY
9	LITTLE BRANHAM LN	CAMDEN	LEIGH AVE
10	LITTLE FALLS DR	CAMDEN AV	SILVERADO DR
10	LOOKOUT BEND	HIDDEN MINE RD	W END
10	LOS HUECOS DR	BLOSSOM AV	CHESBRO AV
2	LOS PINOS WY	COTTLE RD	CURIE DR
2	LOVELY CREEK CT	COTTLE RD	S END
6	LOVOI WY	MALONE RD	MALONE RD
2	MAINILA DR	836E/ST JULIE	E END
6	MALONE AV	BIRD AV	ALMADEN RD

# ATTACHMENT B

## 2010 Residential Cape Seal

CD	STREET NAME	FROM	TO
6	MALONE RD	NEWPORT AV	LINCOLN AV
6	MALONE RD	LINCOLN AV	COASTLAND AV
6	MALONE RD	COASTLAND AV	BIRD AV
2	MALORY DR	CURIE DR	LOS PINOS WY
2	MANILA DR	ST JULIE DR	376'E/ST JULIE
2	MANILA DR	376'E/ST JULIE	836'E/ST JULIE
2	MANILA WY	MANILA DR	CURIE DR
10	MAREE CT	SANTA TERESA BL	S END
2	MARY EVELYN DR	COLLEEN DR	COLLEEN DR
9	MASSIDDA CT	CARTER AVE	END
2	MATTHEW CT	BROOKMERE DR	S END
2	MAYO DR	ALRIC DR	CURIE DR
2	MAYO WY	MAYO DR	WOOSLEY DR
3	MC KENDRIE ST	ELM ST	E END
10	MCCALL DR	VALLEY QUAIL CR	RAJKOVICH WY
5	MCGINNESS AV	STORY RD	TANGLEWOOD DR
10	MCINTOSH CREEK DR	CALCATERRA DR	ANJOU CREEK CL
10	MCINTOSH CREEK DR	ANJOU CREEK CL	ALMADEN EX
3	MCKENDRIE ST	COLEMAN AV	CHESTNUT ST
3	MCKENDRIE ST	CHESTNUT ST	STOCKTON AV
7	MEKLER CT	BRENNING DR	W END
7	MEKLER DR	SENER RD	BRENNING DR
10	MELBA CT	LAZY RIVER WY	W END
9	MERRITON CT	CAMDEN AV	S END
3	MILLER ST	MISSION ST	TAYLOR ST W
3	MILLER ST	TAYLOR ST	GEORGE ST
10	MIRASOL CT	SANTA TERESA BL	S END
10	MISTY WILLOW CT	TRINIDAD DR	S END
10	MOCKINGBIRD CT	OLD ALMADEN RD	W END
5	MONTEAGLE DR	SUNDOWN LN	N END
6	MORRIS CT	SHERWOOD AV	ALAMEDA CT
6	MORRISON AV N	CINNABAR ST	N END
10	MOUNTAIN HAWK CT	SPRING HILL WY	W END
10	MOUNTAIN SWALLOW CT	HOLLOW LAKE WY	W END
2	MOUNTFORD DR	LOS PINOS WY	MALORY DR
5	MURTHA DR	WHITE RD S	MCGINNESS AV
5	MURTHA DR	MCGINNESS AV	CAPITOL AV
3	MYRTLE AV	TAYLOR ST W	VILLA AV

# ATTACHMENT B

## 2010 Residential Cape Seal

CD	STREET NAME	FROM	TO
6	MYRTLE ST	N END	HEDDING ST W
9	NELSON WY	LEIGH AV	CAMDEN AV
9	NELSON WY	LEIGH AV	115'W/LEIGH AV
2	NEPO CT	JAI DR	S END
2	NEPO DR	COTTLE RD	JAI DR
3	NEWHALL DR	1050' W/O COLEMAN AV	NEWHALL ST
3	NEWHALL DR EB	1050' W/O COLEMAN AV	COLEMAN AV
3	NEWHALL DR WB	COLEMAN AV	1050' W/O COLEMAN AV
3	NEWHALL ST	E END (R.R.)	THE ALAMEDA
3	NEWHALL ST	E END	W END (R.R.)
10	NIKETTE WY	WILHELMINA WY	ELWOOD DR
10	NIKULINA CT	WILHELMINA WY	W END
10	NORCOTT CT	TANNAHILL DR	E END
10	NORTHRIDGE DR	BOSE LN	TRINIDAD DR
2	NUEVA DR	SAN ANSELMO WY	SOLANO DR
6	O BRIEN CT	ALAMEDA CT	SHERWOOD AV
6	O BRIEN CT	SHERWOOD AV	CAMPBELL AV
5	OAKTON CT	OCALA AV	N END
2	OBERLIN WY	COTTLE RD	BECKHAM DR
2	OBERLIN WY	BECKHAM DR	S END
5	OCALA CT	OCALA AV	N END
3	OLD JULIAN ST W	AUTUMN ST N	E END
10	OLIVE BRANCH CT	OLIVE BRANCH LN	S END
10	OLIVE BRANCH LN	SHADOW MOUNTAIN CT	CHATEAU DR
10	OLIVE BRANCH LN	HAMPTON DR	ELWOOD DR
10	OLIVE BRANCH LN	HAMPTON DR	SHADOW MOUNTAIN CT
2	OMAHA CT	CREE DR	N END
2	ONEIDA DR	UTE DR	N END
5	PADDINGTON WY	FARRINGTON DR	DONCASTER WY
10	PAMPAS DR	MOJAVE DR	MCABEE RD
5	PARKDALE WY	MOSS POINT DR	OCALA AV
9	PASEO TRANQUILLO	BRANHAM LN	S END
2	PEARLROTH DR	CURIE DR	LOS PINOS WY
10	PEDRICK CT	BOSE LN	N END
2	PELHAM CT	CURIE DR	E END
10	PELICAN RIDGE DR	HOLLOW LAKE WY	GLENVIEW DR
2	PEMBA CT	PEMBA DR	S END
2	PEMBA DR	CATAMARAN ST	PEMBA CT

# ATTACHMENT B

## 2010 Residential Cape Seal

CD	STREET NAME	FROM	TO
10	PERALTA DR	MCABEE RD	MOJAVE DR
6	PERSHING AV	THE ALAMEDA	HOOVER AV
3/6	PERSHING AV	HOOVER AV	STOCKTON AV
10	PETRONI WY	GLENVIEW DR	ALMADEN RD
10	PIETZ CT	SANTA TERESA BL	S END
10	PIPPIN CREEK CT	CALCATERRA DR	E END
9	POPEJOY CT	LAWSON CT	W END
6	PORTOLA AV	THE ALAMEDA	SHERWOOD DR
10	PURITAN CT	HANCOCK AV	W END
2	PURPLE CLIFF CT	SAN ANSELMO WY	N END
2	PURPLE GLEN DR	CATAMARAN ST	SAN ANSELMO WY
2	PURPLE HILLS AV	CASTILLION WY	SANTA TERESA BL
2	PURPLE HILLS DR	SAN ANSELMO WY	CASTILLION WY
2	PURPLE KNOLL CT	PURPLE HILLS DR	W END
2	PURPLE SAGE CT	PURPLE HILLS DR	W END
2	PURPLE VALE CT	PURPLE GLEN DR	S END
10	QUAIL CLIFF WY	VALLEY QUAIL CR	S END
10	QUAIL CREST WY	VALLEY QUAIL CR	HOLLOW LAKE WY
10	QUAIL KNOLL CT	SERENITY WY	W END
10	QUAIL RIDGE CT	SERENITY WY	S END
10	QUAIL VIEW WY	VALLEY QUAIL CR	GLENVIEW WY
10	QUEENSBRIDGE CT	QUEENSBRIDGE WY	S END
10	QUEENSBRIDGE WY	GRIMLEY LN	N END
10	QUEENSBRIDGE WY	FOXHURST WY	CALCATERRA DR
10	QUEENSBRIDGE WY	BARNES LN	FOXHURST WY
6	RADIO AV	MALONE RD	CURTNER AV
2	RADKO DR	JAGGERS DR	CURIE DR
10	RANDOL CREEK DR	RAJKOVICH WY	E END
2	RAYBAL CT	LOS PINOS WY	E END
10	RED HOLLY CT	WOODED LAKE DR	N END
6	RHODES CT	JULIAN ST W	THE ALAMEDA
5/8	RIDGEMONT DR	CUNNINGHAM AV	OCALA AV
2	RIZAL CT	JAI DR	S END
10	ROCKHAVEN DR	HAMPTON DR	CASTLEROCK DR
10	ROCKY GLEN CT	COLLEEN DR	S END
10	ROCKY GLEN CT	155'S/COLLEEN D	W END
10	ROLLING GLEN CT	FOOTHILL DR	S END
8	ROSE CREEK DR	WHITE RD	RIDGEMONT DR

# ATTACHMENT B

## 2010 Residential Cape Seal

CD	STREET NAME	FROM	TO
8	ROSENELE CR	ROSE CREEK DR	ROSE CREEK DR
9	ROSSWOOD DR	LEIGH AV	UNION AV
10	ROYAL RIDGE CT	ROYAL RIDGE DR	E END
10	ROYSTON CT	ELWOOD RD	W END
3	RYLAND ST	N SAN PEDRO ST	SANTA TERESA ST
7	SALMON DR	SUE AV	ARCTIC AV
2	SAMAR DR	JAI DR	CURIE DR
9	SAMSON CT	SAMSON WAY	END
3	SAN PEDRO ST	TAYLOR ST	RYLAND AV
3	SANTA TERESA ST	RYLAND ST	COLEMAN AV
2	SAUTNER DR	506'W/WOOSLEY	MALORY DR
2	SAUTNER DR	WOOSLEY DR	506'W/WOOSLEY
10	SCARSDALE CT	SCARSDALE PL	W END
10	SCARSDALE PL	S END	CALCATERRA DR
10	SCARSDALE WY	SCARSDALE PL	W END
10	SERENE VALLEY CT	LAZY RIVER WY	W END
10	SERENITY CT	SERENITY WY	E END
10	SERENITY WY	RAJKOVICH WY	ALMADEN RD
10	SERENITY WY	QUAIL RIDGE CT	VALLEY QUAIL CR
10	SERENITY WY NB	QUAIL RIDGE CT	RAJKOVICH DR
10	SERENITY WY SB	RAJKOVICH WY	QUAIL RIDGE CT
8	SESAME CT	SUPREME DR	E END
10	SHADOW MOUNTAIN CT	OLIVE BRANCH LN	S END
10	SHELLY CT	SANTA TERESA BL	S END
5	SHERBROOKE WY	FARRINGDON DR	E END
7	SHERIDAN PL	ARCTIC AV	SUE AV
6	SHERWOOD AV	PORTOLA AV	NEWHALL ST
6	SHERWOOD AV	NEWHALL ST	HAMLIN ST
2	SOLOMON CT	LOS PINOS WY	S END
2	SPONSON CT	SPONSON DR	N END
2	SPONSON LN	ALRIC DR	COTTLE RD
10	SPRING HILL WY	QUAIL VALLEY CR	COPPER PEAK WY
10	SPROUL CT	DWYER AV	S END
2	ST JULIE DR	CURIE DR	MANILA DR
2	STANDRIDGE CT	COTTLE RD	W END
9	STAPLETON CT	HOWES LN	W END
8	STARFISH CT	CUNNINGHAM AV	N END
10	STARLING RIDGE CT	WILHELMINA WY	W END

# ATTACHMENT B

## 2010 Residential Cape Seal

CD	STREET NAME	FROM	TO
10	STARLING VALLEY DR	HAMPTON DR	GLENVIEW DR
10	STARLING VIEW CT	STARLING VIEW DR	E END
10	STARLING VIEW DR	STARLING VALLEY DR	WILHELMINA WY
10	STERLING GATE CT	STERLING GATE DR	N END
10	STERLING GATE DR	SPRING HILL WY	N END
10	STOESSER CT	FOXHURST	N END
9	STUCKEY DR	ROSSWOOD DR	HEIMGARTNER LN
7	SUE AV	FELDSBAR DR	BALTIC WY
5	SUFFOLK DR	BELFAST DR	COVENTRY DR
2	SULU CT	CURIE DR	S END
4	SUMMERVIEW DR	PENITENCIA CREEK RD	HELMSLEY DR
5	SUNDOWN LN	MURTHA DR	N END
5	SUSSEX DR	CAPITOL AV	MCGINNESS AV
10	SWINGING GATE CT	LAZY RIVER WY	W END
10	TANNAHILL DR	TRINIDAD DR	ELWOOD DR
6	TERRA BELLA AV	LINCOLN AV	HARMIL WY
2	THETA CT	BENZO DR	W END
2	TILLAMOOK DR	COLLEEN DR	CHOCTAW DR
10	TIMBERVIEW CT	TIMBERVIEW DR	W END
10	TIMBERVIEW DR	LEYLAND PK DR	McABEE RD
10	TIVOLI WY	CASTLEROCK DR	GOLDPINE WY
9	TOBIAS DR	HOWES LN	JOSEPH LN
9	TOBIAS DR	JOSEPH LN	DENT AV
10	TRINIDAD CT	TRINIDAD DR	S END
10	TRINIDAD DR	CAMDEN AV	ALMADEN RD
5	TUDOR CT	CAPITOL AV	E END
2	TUOLUMNE CT	CHOCTAW DR	N END
3	UNIVERSITY AV	COLEMAN AV	61' E/COLEMAN
2	UTE CT	UTE DR	E END
2	UTE DR	CHOCTAW DR	SANTA TERESA BL
2	UTICA CT	UTICA DR	N END
2	UTICA LN	COTTLE RD	LOS PINOS WY
10	VALLEY GLEN CT	COLLEEN DR	S END
10	VALLEY QUAIL CL	SERENITY WY	SERENITY WY
10	VELVET MEADOW CT	TRINIDAD DR	S END
3	VERMONT ST	STOCKTON AV	CHESTNUT ST
3	VERMONT ST	CHESTNUT ST	END
6	VILLA AV	STOCKTON AV	THE ALAMEDA

# ATTACHMENT B

## 2010 Residential Cape Seal

CD	STREET NAME	FROM	TO
10	VIRGIL PL	ALMADEN RD	S END
2	VISCAINO WY	BODEGA WY	EL MOLINO WY
7	WALL ST	LEWIS RD	SOUTHSIDE DR
3	WALNUT ST	W TAYLOR ST	ASBURY ST
5	WARRINGTON AV	FARRINGDON DR	WHITE RD S
10	WASHOE DR	TRINIDAD DR	BOSE LN
10	WASHOE DR	BOSE LN	LITTLE FALLS DR
10	WEBB CANYON DR	ECHO VALLEY DR	S END
7	WEBER ST	WALL ST	W END
10	WEeping OAKS CT	LAZY RIVER WY	W END
5	WESLEY CT	OCALA AV	N END
2	WICHITA CT	CREE DR	N END
10	WILHELMINA WY	LENWOOD WY	GLENVIEW DR
10	WILHELMINA WY	GLENVIEW DR	180'W/GLENVIEW
10	WILHELMINA WY	180'W/GLENVIEW	NIKETTE WY
10	WILHELMINA WY	NIKETTE WY	STARLINGVIEW DR
2	WILLAMETTE DR	BRENDA LEE DR	HOPI CR
2	WINNEBAGO CT	CHOCTAW DR	N END
5	WOODALE CT	MURTHA DR	S END
10	WOODED HILLS DR	CASTLEROCK DR	W END
10	WOODED LAKE DR	LEYLAND PARK DR	RIMROCK DR
10	WOODED LAKE DR	RIMROCK DR	ECHO VALLEY DR
2	WOOSLEY DR	SAUTNER DR	LOS PINOS WY
2	WOOSLEY DR	CURIE DR	SAUTNER DR
5	ZEPHYR CT	MURTHA DR	S END





## Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** John Stufflebean  
Jennifer Maguire

**SUBJECT:** SEE BELOW

**DATE:** 03-29-10

Approved

Date

4/2/10

**SUBJECT: COOPERATIVE FUNDING AGREEMENT WITH THE US BUREAU OF RECLAMATION FOR DESIGN AND CONSTRUCTION OF SOUTH BAY WATER RECYLING**

### RECOMMENDATION

1. Adopt a resolution authorizing the City Manager to negotiate and execute an agreement with U.S. Bureau of Reclamation to accept \$6.460 million in grant funds, of which \$6.310 million will be for design and construction of South Bay Water Recycling Phase 1C facilities, and \$150,000 will be retained by the Bureau of Reclamation for administrative and other costs.
2. Adopt the following Appropriation Ordinance and Funding Sources Resolution amendments in the San José-Santa Clara Treatment Plant Capital Fund:
  - a. Establish an estimate for Recovery Act – Federal Revenue in the amount of \$1,875,000;
  - b. Establish an appropriation to the Environmental Services Department for Recovery Act – South Bay Water Recycling Phase IC in the amount of \$6,310,000.
  - c. Decrease the appropriation to the Environmental Services Department for Revised South Bay Action Plan - SBWR Extension by \$4,435,000.

### OUTCOME

Approval of a Cooperative Funding Agreement with the US Bureau of Reclamation (Reclamation) will allow the City accept a reimbursable federal grant funding of \$6,460,000 to complete design and construction of the final South Bay Water Recycling (SBWR) Phase 2 facilities with an estimated cost of \$14,777,000 through the 2009 American Recovery and Reinvestment Act (ARRA) as administered by the US Bureau of Reclamation Title XVI program. Of this \$6.46 million, \$150,000 will be retained by Reclamation for administrative costs.

## **EXECUTIVE SUMMARY**

The recommended agreement with the U.S. Bureau of Reclamation will allow the City to receive reimbursable proceeds of up to \$6.31 million from the 2009 American Recovery and Reinvestment Act (ARRA) to construct \$14.78 million worth of recycled water projects in the Cities of San José and Santa Clara. The \$6.46 million grant agreement amount includes payment of \$3.35 million for which the City is eligible for reimbursement under a grant originally awarded in 1995. Including the funding that was authorized by the 1995 grant agreement, but never appropriated by Congress, the reimbursement for the projects covered by the grant increases from 25% to 43% of the project cost, but requires the funds to be used to construct new recycled water projects. The projects covered by the grant agreement will be constructed using \$14.412 million from existing South Bay Action Plan appropriations and a \$365,000 contribution from San Jose State University. After auditable compliance with all ARRA regulations and reimbursement, approximately \$6.31 million will be reimbursed to the San José/Santa Clara Water Pollution Control Plant Capital Fund, while the balance of the grant (\$150,000) will be retained by Reclamation for administrative and other costs. Constructing these projects will add approximately 9 miles to the SBWR distribution system, initially increasing deliveries of recycled water by over 1400 acre-feet per year (AFY), and raising revenues by up to \$300,000 per year with an additional 600 AFY of reuse potential.

## **BACKGROUND**

In September 1993, as the administering agency of the San José/Santa Clara Water Pollution Control Plant (Plant), the San José City Council authorized design and construction of a project to divert up to 15 million gallons per day (mgd) of treated effluent from the south Bay during the summer by providing nonpotable recycled water to customers in Milpitas, Santa Clara and San José. Between 1993 and 1999 the City built SBWR Phase 1A facilities at a cost of approximately \$140 million including four pump stations, a reservoir, and over sixty miles of pipeline. In June 2000, the Council approved an additional \$100 million for the "Revised South Bay Action Plan," including \$82.5 million in the 2001-2005 Capital Budget to expand the SBWR system and increase its reliability. Between 2000 and 2009, at a cost of approximately \$83 million, the City built SBWR Phase 1B facilities including two reservoirs and more than 40 miles of recycled water pipeline, as well as various reliability improvements. Between the Phase 1A and 1B programs, approximately \$17 million in authorized funding remains available for construction of additional water recycling facilities.

In September 1995 the City and Reclamation executed Cooperative Agreement 5-FG-20-12650 allowing the City to receive grant funding through the USBR Title XVI Program as authorized by Section 1607, "San José Area Reclamation and Reuse Program" of the of the federal "Reclamation Projects Authorization and Adjustment Act of 1992" (PL102-575). This Cooperative Agreement allowed Reclamation to reimburse the City up to \$35 million, representing a federal share of 25% of the estimated \$140 million cost of the Phase 1A project. The Agreement was originally funded with a Congressional appropriation of \$1.75 million, and has been modified annually as additional funds have been appropriated. To date the City has received \$31.6 million from Reclamation, leaving an unfunded obligation of about \$3.35 million.

In March 2009 Reclamation announced a competitive grant program funded by a new appropriation from the American Recovery and Reinvestment Act of 2009 (ARRA). The competition was open only to agencies whose projects were already authorized under Title XVI, and included a special provision that granted a greater federal share (over 25%) to agencies like San José that had not yet been fully reimbursed for previously completed projects. On July 1, 2009 the City was notified that Reclamation was prepared to award \$6.46 million in ARRA grant funding towards construction of up to \$26 million in proposed recycled water pipeline extensions and related improvements to increase the amount of recycled water supplied through the SBWR system.

On July 23, 2009 the City Manager submitted SF-424, "Application for Federal Assistance for Phase 1C - San José Area Water Reclamation and Reuse Program" requesting an award of \$6.46 million in federal stimulus funds towards design and construction of \$14.78 million in South Bay Water Recycling pipeline extensions and related facilities. This request would allow the City to receive the remaining \$3.35 million reimbursed through the construction of Phase 1C ARRA projects (over and above the 25% federal share, essentially reducing the time for reimbursement) in lieu of receiving the remaining reimbursement for Phase 1A projects through the current annual Congressional appropriations process, which has been lengthy.

The following is a list of projects included in the application for federal funding, showing the local and federal shares of the total project cost:

<b>Project Name</b>	<b>Description</b>	<b>Cost (\$M)</b>
San José Airport Extension	Approx. 4,500 LF of 12-inch pipe to serve 75 AFY to Mineta-San José International Airport	\$1.720
SBWR Laterals and Garden Improvements	Approx. 1,500 LF of 6-12-in. pipe to serve 100 AFY to civic buildings, a community garden, and access points throughout the service area.	\$0.980
San José School Extensions	Approx. 1,800 LF of 6-inch pipe to serve 75 AFY to four schools in central and south San José.	\$1.140
SJSU Improvements	Approx. 500 LF of 6-8-in pipe to serve up to 150 AFY to SJSU campus for irrigation and indoor use.	\$0.787
Santa Clara Central Park	Approx. 12,000 LF of 8-16 in. pipe to serve 115 AFY to 52-acre Santa Clara Central Park and adjacent customers	\$4.200
Santa Clara Industrial 1	Approx. 3,000 LF of 8-12-inch pipe to serve 300 AFY for cooling and irrigation at data centers and other industrial sites.	\$0.750
Santa Clara Industrial 2	Approx. 6,500 LF of 12-in pipe to serve 140 AFY to Santa Clara industrial sites for cooling and irrigation.	\$1.900
Santa Clara Industrial 3	Approx. 14,000 LF of 12-inch diameter pipe to serve 500 AFY to Santa Clara industrial sites for cooling and irrigation.	\$3.300
	<b>Cost of Proposed Projects to be Completed for Grant Award</b>	<b>14.777</b>
	Proposed San José State University Share (2%)	\$0.365
	Proposed San José Share (55%)	8.102
	Proposed Federal ARRA Share (43%)	6.310

## **ANALYSIS**

### ***Cooperative Funding Agreement with US Bureau of Reclamation***

According to the program solicitation, the purpose of the ARRA grant program is "to quickly and prudently commence activities that preserve and create jobs and to promote economic recovery, and to invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits." ARRA also required that Reclamation provide at least \$126 million in Federal funds "for water reclamation and reuse projects" authorized under its Title XVI program.

By participating in the ARRA grant program and executing a Cooperative Funding Agreement with Reclamation, the City and its tributary partners agree to invest in new water recycling facilities with an estimated cost of \$14.777 million. The projects are projected to initially increase recycled water use by up to 1,400 acre-feet per year, increasing revenues from the SBWR system by more than \$300,000 per year, with the potential to add another 600 AFY. Other conditions associated with participation in the ARRA grant program include the following:

- Compliance with ARRA program features including Davis-Bacon wage rates and "Buy America" provisions;
- Appropriate documentation of all project costs as well as estimation of jobs created as a result of ARRA-sponsored activities; and
- Completion of all projects submitted for reimbursement by September 30, 2011.

As an added incentive to local agencies to participate in the ARRA grant program, Reclamation has also included a provision that "the project sponsor may request Federal funds greater than 25 percent for the proposed activity as long as the overall Federal cost share does not exceed 25 percent of incurred expenses." The benefit of this provision is that the City can receive reimbursement funds more quickly than would otherwise be the case. Since the origin of the Title XVI program in 1992, many project sponsors (including San José) have not been fully reimbursed for past project expenses. For example, in the fifteen years since receiving its first federal appropriation in 1995, the City has received a total of \$31,650,300 towards the \$35 million federal share for an average of about \$2 million per year. However, in five of the past ten years the City has received less than \$1 million per year, and the 2010-2011 federal budget includes only \$260,000 in reimbursement funds. As a result, even though reimbursements received through the normal process may be used without restriction, staff recommends that the City build the proposed projects and accept the remaining \$3.35 million from ARRA appropriations all at once rather than wait to receive the funds through annual appropriations.

It should also be noted that staff has recently applied for reimbursement for the 25% federal share of the \$82.8 million cost of SBWR Phase 1B facilities. Once a Cooperative Funding Agreement for the \$20.7 million federal share of that project is executed the City would be eligible to receive up to 100% federal funding for construction of new projects in lieu of reimbursement, should more ARRA funding become available.

### ***Appropriations Actions***

#### **Reimbursements to the San José/Santa Clara Water Pollution Control Plant Capital Fund**

Approval of the recommended appropriations actions will allow the City to accept a \$6.46 million grant from the U.S. Bureau of Reclamation through the Title XVI program for a construction program estimated at \$14.8 million. After auditable compliance with all ARRA regulations and submittal of required invoices to Reclamation, the City will receive up to \$6.31 million in reimbursement funds, with the balance (\$150,000) retained by Reclamation for administrative costs. With this recommended action, \$1,875,000 of grant funds is recognized. Through future budget processes, the receipts of the grant balance of \$4,435,000 will be recognized.

Reimbursement funds received by the City will be returned to the San José/Santa Clara Water Pollution Control Plant Capital Fund. It should be noted that to comply with ARRA provisions requiring that funds not be comingled, all revenue and expenditure transactions will be booked to the ARRA Water Program/SJ Area Water Reclamation & Reuse Memo Fund (Fund 561), which will be established as a Memo Fund to the San José/Santa Clara Water Pollution Control Plant Capital Fund. Phase 1C contracts currently in the San José/Santa Clara Water Pollution Control Plant Capital Fund may be liquidated and re-encumbered in the new memo fund.

#### **EVALUATION AND FOLLOW-UP**

Upon Council adoption of the proposed resolutions, the City Manager will negotiate and execute a Cooperative Agreement with the US Bureau of Reclamation to reimburse the City up to \$6.35 million and City staff will begin design and construction of up to \$14.8 million in recycled water system improvements. Consistent with the terms of the proposed Cooperative Agreement, the City will provide Reclamation with quarterly updates of construction progress, and new customer connections will be noted in regular SBWR performance reports and in updates to the City's Green Vision Plan.

#### **PUBLIC OUTREACH/INTEREST**

- ☒ **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- ☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

During the summer and fall of 2000, the cities of San José, Santa Clara, and Milpitas held public meetings on the local use of recycled water. Also, representatives of various stakeholder groups

(e.g. Sierra Club, League of Women Voters, Silicon Valley Chamber of Commerce) met regularly in 1998 and 1999 to create the present plans for extension of the recycled water systems. In addition, staff members from the cities of San José (San José Municipal Water), Santa Clara and Milpitas, and San José Water Company have attended monthly meetings to review South Bay Water Recycling planning and operations.

### **COORDINATION**

This memorandum has been coordinated with the Attorney's Office, Risk Management, the Planning Department and Public Works, and is scheduled to be heard at the April 8, 2010 Treatment Plant Advisory Committee (TPAC) meeting.

### **COST IMPLICATIONS**

1. COST OF PROPOSED PROJECTS FOR GRANT AWARD:	<b>\$14,777,000</b>
Project Delivery	1,749,000
Construction	13,028,000
<b>Total Project Costs</b>	<b>\$14,777,000</b>
<b>Funding Available:</b>	
Total Current Year Funding Available *	\$8,102,000
<b>Grant Funding Available</b>	<b>\$6,310,000</b>
Proposed Contribution from San José State University	\$365,000
<b>Total Funding Available:</b>	<b>\$14,777,000</b>

\* This funding is available in the Revised South Bay Action Plan - SBWR Extension appropriation.

2. SOURCE OF FUNDING: San José/Santa Clara Water Pollution Control Plant Capital Fund
3. OPERATING COST: Construction of these projects is not expected to noticeably increase operating costs of SBWR. The proposed project includes approximately seven miles of distribution pipe will be maintained under an existing Operations and Maintenance Agreement with the City of Santa Clara, and no additional funds for operations and maintenance are anticipated to be added to that Agreement as a result of this construction. Distribution of an additional 1,400 acre-feet of recycled water per year through the SBWR system should increase annual revenues by approximately \$300,000.

### **FISCAL POLICY ALIGNMENT**

In accordance with the Mayor's prescribed budget strategy, the tasks under this agreement will focus on the protection of a vital core service, emphasizing expenditures that improve reliability of the South Bay Water Recycling system and increasing the "recycling and beneficial reuse of

wastewater.” The project will help stimulate construction spending in our local economy and supports the City’s Green Vision Goal #6, “Recycle or beneficially reuse 100% of wastewater.”

### **BUDGET REFERENCE**

The recommended budget actions will increase the revenue estimate in the San José/Santa Clara Water Pollution Control Plant Capital Fund for Recovery Act – Federal Revenue by \$1,875,000. This amount represents the reimbursement the Fund will receive from the Bureau in 2009-2010. The remainder of the reimbursement (\$4,435,000) will be received by the Fund in future years, as more projects eligible for reimbursement are completed. As recommended, the \$4,435,000 balance will be advanced by the Revised South Bay Action Plan – SBWR Extension appropriation, until reimbursement is received from Reclamation. The Revised South Bay Action Plan – SBWR Extension appropriation currently has \$17,642,000, so the recommended budget action will reduce it to \$13,207,000.

In addition to the funding described above, funding available to support production and distribution of recycled water includes revenue received from the Santa Clara Valley Water District. \$918,000 was received in 2009-2010. The recently approved Recycled Water Facilities Integration Agreement with the Santa Clara Valley Water District further provides for \$1 million in funding to be available on or before August 1, 2010 to support expanding the usage of water produced by SBWR.

The recommended budget actions also establish a new appropriation in the San José/Santa Clara Water Pollution Control Plant Capital Fund for Recovery Act – South Bay Water Recycling Phase IC in the amount of \$6,310,000 for construction projects which will receive the Federal reimbursement. Tracking the costs of these projects and associated revenue reimbursements separately is a requirement of the ARRA provisions.

Fund #	Appn #	Appn. Name	Total Appn.	Recommended Action	Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
512	6589	Revised South Bay Action Plan - SBWR Extension	\$17,642,000	\$4,435,000	V-150	11/17/2009, Ord. No. 28669

### **CEQA**

#### CEQA for City of San Jose Actions:

Resolution No. 64667 (PP91-090) and Addenda thereto:

San José Airport Extension: Resolution 64667, PP10-020

SBWR Laterals and Garden Improvements: Resolution 64667 and Addendum to Mitigated Negative Declaration, PP10-019

San José School Extensions: Resolution 64667, PP10-018

SJSU Improvements: Resolution to be adopted

03-29-10

**Subject: Cooperative Funding Agreement with Reclamation For SBWR**

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CEQA done by City of Santa Clara for City of Santa Clara Actions:

Santa Clara Central Park: PLN 2009-07751: CEQ 2009-01085.

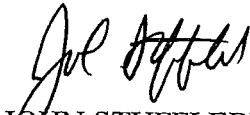
Santa Clara Industrial 1: PLN 2009-07749, CEQ 2009-01083

Santa Clara Industrial 2: PLN 2009-07616, CEQ 2009-01080

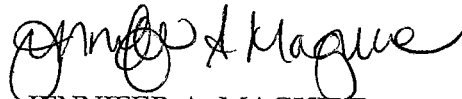
Santa Clara Industrial 3A: PLN2009-07929 and CEQ2009-01093

NEPA:

In addition to CEQA, all projects have been reviewed by the US Bureau of Reclamation for compliance with the National Environmental Policy Act (NEPA). As the lead agency, Reclamation has issued a Finding of No Significant Impact (FONSI) for each of the proposed projects.



JOHN STUFFLEBEAN  
Director, Environmental Services



JENNIFER A. MAGUIRE  
Budget Director

I hereby certify that there will be available for appropriation in the designated fund and in the amount listed below in 2009-2010 moneys in excess of those heretofore appropriated there from:

San José/Santa Clara Treatment Plant Capital Fund (512)

\$1,875,000



JENNIFER A. MAGUIRE  
Budget Director

For questions, please contact Mansour Nasser, Deputy Director, at (408) 277-2558.





# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** John Stufflebean

**SUBJECT:** SEE BELOW

**DATE:** 04-01-10

Approved

Date

4/2/10

**SUBJECT: SEVENTH AMENDMENT TO AGREEMENT WITH THE CITY OF  
SANTA CLARA FOR CONSTRUCTION SERVICES FOR SOUTH BAY  
WATER RECYLING PROGRAM**

## **RECOMMENDATION**

Adopt a resolution authorizing the City Manager to negotiate and execute the Seventh Amendment to the construction service agreement with City of Santa Clara for the South Bay Water Recycling Program, revising the approved project list, increasing the maximum amount payable by the City of San José by Three Million Fifty Thousand Dollars (\$3,050,000) to a total maximum amount not to exceed Thirty-three Million Four Hundred and Fifty Thousand Dollars (\$33,450,000).

## **OUTCOME**

Approval of the Seventh Amendment to the construction services agreement with City of Santa Clara for the South Bay Water Recycling Program will allow the Santa Clara Industrial 3A extension project to be built in Santa Clara, increasing the use of recycled water by up to 500 acre-feet per year (AFY), and increasing revenues by up to \$100,000 per year.

## **BACKGROUND**

In September 1993, as administering agency of the San José/Santa Clara Water Pollution Control Plant (Plant), the San José City Council authorized design and construction of a project to divert up to 15 million gallons per day (mgd) of treated effluent from the south Bay during the summer by providing nonpotable recycled water to customers in Milpitas, Santa Clara and San José. Between 1993 and 1999 the City built SBWR Phase 1A facilities at a cost of approximately \$140 million including four pump stations, a reservoir, and over sixty miles of pipeline. In June 2000, the Council approved an additional \$100 million for the "Revised South Bay Action Plan,"

April 1, 2010

**Subject: SEVENTH AMENDMENT TO THE AGREEMENT WITH THE CITY OF SANTA CLARA**

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including \$82.5 million in the 2001-2005 Capital Budget to expand the SBWR system and increase its reliability. Between 2000 and 2009, at a cost of approximately \$83 million, the City built SBWR Phase 1B facilities including two reservoirs and more than 40 miles of recycled water pipeline, as well as various reliability improvements. Between the Phase 1A and 1B programs, approximately \$17 million in authorized funding remains that may be applied to construction of additional water recycling facilities.

On May 24, 1995 the City of San José entered into an agreement with the City of Santa Clara in the amount of \$12,600,000 for design and construction services to extend the recycled water system within the boundaries of Santa Clara. The City of San José and Santa Clara subsequently executed six amendments to the original agreement increasing the total compensation to \$30.4 million expanding the recycled water pipeline extensions to be constructed by Santa Clara, and providing funding for administration of a grant program to convert customers from existing potable water connections to the recycled water system.

The Sixth Amendment to the Santa Clara Agreement in November 2009 providing funding for construction of three recycled water projects scheduled to receive funding from the American Recovery and Reinvestment Act of 2009 (ARRA) as well as funding for design of a fourth project that had not yet been certified as compliant with the California Environmental Quality Act (CEQA). Santa Clara Industrial 3A includes approximately 14,000 linear feet of 12-inch diameter pipe extending the SBWR system to a number of new industrial sites. The City of Santa Clara certified the project as compliant with CEQA regulations in January 2010 and it was subsequently certified as compliant with the National Environmental Policy Act (NEPA) in February 2010.

### **ANALYSIS**

On July 1, 2009 the US Bureau of Reclamation notified San José of its intention to award up to \$6.31 million in ARRA funding to reimburse the City approximately 43% of the cost of various water reuse facilities, including Santa Clara Industrial 3A. Now that this project has been certified in compliance with state and federal environmental requirements, this amendment increases the funding available for the Santa Clara agreement by \$3.05 million to fund its construction. Of the total estimated project cost of \$3.3 million, approximately \$1.41 million will be reimbursed to the San José/Santa Clara Water Pollution Control Plant Capital Fund after the construction of this project is complete, all auditable ARRA regulations are complied with, and appropriate invoices and requests for payment are submitted.

### **EVALUATION AND FOLLOW-UP**

Upon Council adoption of the proposed resolutions, the City Manager will negotiate and execute an amendment to the Agreement with the City of Santa Clara to construct an additional \$3,050,000 in recycled water system improvements. Consistent with the terms of the proposed Cooperative Agreement with the US Bureau of Reclamation, the City of Santa Clara will provide the City with quarterly updates of construction progress for submittal to Reclamation. In

April 1, 2010

**Subject: SEVENTH AMENDMENT TO THE AGREEMENT WITH THE CITY OF SANTA CLARA**

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addition, as system improvements are completed the City of Santa Clara will notify City staff to certify compliance of recycled water connections with local and state regulations, and the new connection will be noted in regular SBWR performance reports and in updates to the City's Green Vision Plan.

### **PUBLIC OUTREACH/INTEREST**

- ☒ **Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- ☐ **Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

During the summer and fall of 2000, the cities of San José, Santa Clara, and Milpitas held public meetings on the local use of recycled water. Also, representatives of various stakeholder groups (e.g. Sierra Club, League of Women Voters, Silicon Valley Chamber of Commerce) met regularly in 1998 and 1999 to create the present plans for extension of the recycled water systems. In addition, staff members from the cities of San José (San José Municipal Water), Santa Clara and Milpitas, and San José Water Company have attended monthly meetings to review South Bay Water Recycling planning and operations.

### **COORDINATION**

This memo has been coordinated with the City's Attorney's office, the City Manager's Budget Office, Risk Management, and the City of Santa Clara. This memo is scheduled to be heard at the April 8, 2010, Treatment Plant Advisory Committee (TPAC) meeting.

**COST IMPLICATIONS**

1. AMOUNT OF RECOMMENDATION:	<b>\$3,050,000</b>
Project Delivery	\$450,000
Construction	2,600,000
<b>Total Current Year Costs</b>	<b>\$3,050,000</b>
Prior Year Expenditures	30,400,000
<b>Total Project Costs</b>	<b>\$33,450,000</b>
 Total Current Year Funding Available	 \$3,050,000
Additional Funding Recommended	0
<b>Total</b>	<b>\$3,050,000</b>

2. SOURCE OF FUNDING: 512 – San José/Santa Clara Treatment Plant Capital Fund

3. OPERATING COST:

Delivery of an additional 500 acre-feet of recycled water per year amounts will marginally increase operating costs (primarily for additional pumping), and return approximately \$100,000 per year in revenues. Since new pressure-tested pipelines do not normally require much maintenance, and construction of the proposed Santa Clara extensions will increase the total length of the pipeline network by less than 2% the project is not expected to noticeably increase South Bay Water Recycling annual operating costs.

In accordance with the Mayor's prescribed budget strategy, the tasks under this agreement will focus on the protection of a vital core service, emphasizing expenditures that improve reliability of the South Bay Water Recycling system and increasing the "recycling and beneficial reuse of wastewater."

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**BUDGET REFERENCE**

Fund #	Appn #	Appn. Name	RC #	Total Appn.	Amt. for agreement with City of Santa Clara	Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
<b>Total Funding For Agreement</b>					\$3,050,000		
<b>Funding Available</b>							
512		Recovery Act – South Bay Water Recycling Phase IC*		\$6,310,000	\$1,433,500	NA	TBD
512	6589	Revised South Bay Action Plan - SBWR Extension		\$17,642,000	\$1,616,500	V-150	11/17/2009, Ord No. 28669
<b>Total Funding for Agreement</b>					<b>\$3,050,000</b>		

*\* This appropriation would be established with Council adoption of the recommendation in the COOPERATIVE FUNDING AGREEMENT WITH THE US BUREAU OF RECLAMATION FOR DESIGN AND CONSTRUCTION OF SOUTH BAY WATER RECYLING- PHASE 1C IMPROVEMENTS memorandum.*

**CEQA**

Resolution No. 64667 (PP#91-04-090) and Addenda thereto adopted by City of Santa Clara under the following reference numbers:

Santa Clara Industrial 3A: PLN2009-07929 and CEQ2009-01093

/S/

JOHN STUFFLEBEAN

Director, Environmental Services

For questions please contact Mansour Nasser, Deputy Director, at (408) 277-2558.



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL AND CITY  
OF SAN JOSE FINANCING  
AUTHORITY BOARD

**FROM:** Julia H. Cooper

**SUBJECT:** SEE BELOW

**DATE:** March 29, 2010

Approved

Date

4-6-10

**COUNCIL DISTRICT:** Citywide

**SUBJECT: ACTIONS RELATED TO THE CITY OF SAN JOSE FINANCING  
AUTHORITY'S COMMERCIAL PAPER PROGRAM AND  
AMENDMENTS TO THE CITY OF SAN JOSE FINANCING  
AUTHORITY BYLAWS**

## RECOMMENDATION

It is recommended that the City Council adopt a resolution to:

- a. Approve an amendment to the Amended and Restated Trust Agreement and authorize other related actions relating to the City of San José Financing Authority's Lease Revenue Commercial Paper Notes Program in order to allow issuance of Commercial Paper Notes to fund a loan to the Low and Moderate Income Housing Fund in an amount not to exceed the amount specified in a loan agreement by and among the City, the Authority, and the Redevelopment Agency, and to allow issuance of Commercial Paper Notes to fund advances to the City in order to address the City's cash flow needs.

It is recommended that the City of San José Financing Authority Board:

- a. Adopt a resolution to approve and authorize the execution of an amendment to the Amended and Restated Trust Agreement and authorize other related actions relating to the City of San José Financing Authority's Lease Revenue Commercial Paper Notes Program in order to allow issuance of Commercial Paper Notes to fund a loan to the Low and Moderate Income Housing Fund in an amount not to exceed the amount specified in a loan agreement by and among the City, the Authority, and the Redevelopment Agency and to allow issuance of

Commercial Paper Notes to fund advances to the City in order to address the City's cash flow needs.

- b. Adopt a resolution to amend and restate Resolution No. SJFA-1 in order to modify the City of San José Financing Authority's regular meeting schedule, to confirm the appointment of Authority officials, to adopt Amended and Restated Bylaws, and to update the reference to the Conflict of Interest Code, to clarify that members of the Governing Board of the City of San José Financing Authority are subject to the provisions of the Conflict of Interest Code of the City, adopted by the City Council on March 24, 2009 by Resolution No. 74837, as may be amended.

### **OUTCOME**

Approval of these recommendations will allow the issuance of Commercial Paper Notes to fund a loan to the Low and Moderate Income Housing Fund in an amount not to exceed the amount specified in a loan agreement by and among the City, the Authority, and the Redevelopment Agency and allow issuance of Commercial Paper Notes to fund short term cash flow needs of the City. It will also authorize certain amendments related to the bylaws of the City of San José Financing Authority.

### **BACKGROUND**

On January 13, 2004, the City Council and the City of San José Financing Authority Board (the "Authority Board") approved the implementation of a tax-exempt Lease Revenue Commercial Paper ("CP") Program to provide funding for certain projects related to the new City Hall, including an off-site employee parking garage, technology, furniture, equipment and relocation costs, and interim space planning costs. The total amount authorized to be issued under the CP Program at that time was \$98.0 million.

On June 21, 2005, the City Council and the Authority Board approved the issuance of taxable CP Notes in order to increase the CP Program's flexibility with respect to a portion of the previously identified projects. The aggregate total amount authorized to be issued under the CP Program remained at \$98.0 million.

On November 15, 2005, the City Council and the Authority Board approved the expansion of the CP Program to provide additional funding for the "Integrated Utility Billing, Customer Service and Performance Management System" (the "CUSP Project") and to expand the list of authorized uses to include the Central Service Yard Phase II Project and the demolition of the City's Main Yard.

At the time of the City Council/Authority Board approval of the expanded CP Program, approval was also received to authorize the Authority to have up to \$116.0 million in CP Notes outstanding at any time. It was also contemplated that the City could at a future date authorize the issuance of CP Notes to provide funding for additional projects.

On May 22, 2007, the City Council and the Authority Board approved the issuance of CP Notes in an amount not to exceed \$8.25 million to provide funding for capital enhancements to HP Pavilion which is owned by the City and operated by San Jose Arena Management under the Amended and Restated San Jose Arena Management Agreement.

At the January 13, 2004 joint meeting of the Authority Board and the City Council, the City Council conducted a public hearing in accordance with Government Code Section 6586.5 regarding the issuance of the CP Notes for the authorized projects. The City Council also conducted a public hearing in accordance with Government Code Section 6586.5 at the joint meetings of the City Council and the Authority Board on November 15, 2005 and May 22, 2007 when the City Council and the Authority Board approved additional projects and purposes for which CP Notes may be issued.

On October 21, 2008, the City Council and the Authority Board approved the issuance of CP Notes to refund bonds and other obligations of the City or the Authority pursuant to Government Code Sections 53570 et seq and 53580 et seq.

On December 8, 2009, the City Council and the Authority Board approved Amendment No. 2 to the Letter of Credit and Reimbursement Agreement extending the maturity date of the Letter of Credit to January 27, 2013 and amended certain provisions of the Letter of Credit and Reimbursement Agreement in connection with such extension.

On February 23, 2010, the City Council, the Authority Board, and the Redevelopment Agency Board (the "Agency Board") authorized execution of a loan agreement by and among the City, the Authority, and the Agency, including a loan to the Low and Moderate Income Housing Fund financed by the issuance of Commercial Paper Notes.

## **ANALYSIS**

### **Overview**

The CP Program utilizes a lease revenue financing structure. The City has leased to the Authority various City-owned facilities pursuant to a Site Lease (as amended, the "Site Lease"). The Authority subleased these same facilities back to the City pursuant to a Sublease (as amended, the "Sublease") in exchange for the rental payments which support repayment of the CP Notes. The facilities subject to the Site and Sublease are: the former City Hall, the Health Building, and the "C" and "E" parking lots located at the former City Hall site, the San José



Museum of Art, the Tech Museum, the Mexican Cultural Heritage Plaza, the former Martin Luther King Main Library, the Animal Care Center, Fire Station No. 1, the Mabury Yard and the South Yard.

The Authority issues the CP Notes under the Marks-Roos Local Bond Pooling Act of 1985 pursuant to an Amended and Restated Trust Agreement, between the Authority and Wells Fargo Bank, National Association (as amended and supplemented, the "Trust Agreement") and an Amended and Restated Issuing and Paying Agent Agreement between the Authority and Wells Fargo Bank, National Association. Barclays Capital Inc. currently serves as the dealer for the CP Notes pursuant to an Amended and Restated Commercial Paper Dealer Agreement. The CP Notes are backed by a Letter of Credit ("LOC") issued by State Street Bank and Trust Company and the California State Teachers' Retirement System (together, the "Banks"), pursuant to the Letter of Credit and Reimbursement Agreement (as amended, the "Letter of Credit Agreement"). Per the terms of the Letter of Credit Agreement, the Banks are not jointly responsible for payments on the draws made on the Letter of Credit. The respective obligations of the Banks are: State Street Bank -- 75% and the California State Teachers' Retirement System -- 25%. The current Letter of Credit Agreement between the Authority and the Banks expires on January 27, 2013.

### **Third Supplement to the Amended and Restated Trust Agreement**

The proposed amendments to the Amended and Restated Trust Agreement will allow the issuance of Commercial Paper Notes for the purpose of funding a loan to the Low and Moderate Income Housing Fund (the "Low-Mod Housing Fund") in an amount not to exceed the amount specified in a loan agreement by and among the City, the Authority, and the Redevelopment Agency and to allow issuance of Commercial Paper Notes to fund advances to the City to address the City's cash flow needs.

The form of the proposed Third Supplement to the Amended and Restated Trust Agreement will be posted to the agenda webpage for the joint meeting of the City and the Authority on or about April 9, 2010. Staff recommends that the Executive Director of the Authority or the Executive Director's designees (the "Authority Designated Officers") be authorized to execute these amendments as posted, on behalf of the Authority, as applicable, with such modifications as the Authority Designated Officers determines to be desirable or appropriate, upon consultation with the City Attorney. Staff also recommends that the changes to the Third Supplement to the Amended and Restated Trust Agreement from the posted draft be subject to the approval of the City Manager or the Assistant Director of Finance or their designees (the "City Designated Officers") upon consultation with the City Attorney.

### **Low-Mod Housing Fund**

The Low-Mod Housing Fund is established under and pursuant to the Community Redevelopment Law and is administered by the City. The loan agreement was authorized by the City Council, the Agency Board and the Authority Board at their joint meeting on February 23, 2010. As stated in the February 23, 2010 Council Memorandum, the Authority will issue CP

Notes in an amount sufficient to fund \$25 million of low and moderate income housing program activities and the associated capitalized interest and fees over the term of the loan. The total issuance amount is estimated at \$34 million but the actual issuance amount may vary depending on the financial market conditions over the term of the loan.

The loan proceeds will be utilized to fund low and moderate income housing activities, which include, but are not limited to, affordable multi-family housing projects, loans for housing rehabilitation, teachers' and other homebuyers housing loans and Low-Mod Housing Fund administrative costs. Staff expects that the Commercial Paper Notes issued for the loan to the Low-Mod Housing Fund will be fully repaid over six years. The proposed amendment to the Amended and Restated Trust Agreement will permit the City to continue these critical housing programs that are part of the City's strategic plan to promote economic development within the City.

There are several benefits associated with using the CP Program to fund affordable housing activities, including the relative low cost of the program (e.g. the all-in cost for the most recent CP Notes sale in March 2010 was approximately 2%), market demand for high quality CP Notes, and matching of funding date to the actual issuance of the CP Notes which minimizes actual interest expense.

#### City Cash Flow Financing

To help facilitate better cashflow management for the City, short term interim financing may be needed due to the timing gap between when the City receives revenues versus when the City is required to make payments of its obligations. The proposed amendments would allow the Authority to issue CP Notes to meet short term cash flow needs of the City, if required, in amounts approved by the City Council and Authority Board. There are no immediate plans to use CP Notes for cashflow financing needs of the City, however, executing the amendment at this time provides the most flexibility to use CP Notes if an unexpected cashflow gap occurs.

#### **Amended and Restated Resolution No. SJFA-1**

On December 15, 1992, the Authority Board adopted Resolution No. SJFA-1 which among other things, established the time and place of regular meetings of the Authority as the second Tuesday of August at 1:30 p.m., adopted the Bylaws of the Authority, and adopted a Conflict of Interest Code.

Effective January 1, 2010, State law requires that a joint powers authority, such as Authority approve issuance of debt at a regularly scheduled meeting. Since the current meeting schedule would limit the Authority's ability to issue debt to a single meeting, staff proposes that the Authority's meeting schedule be revised in order to provide the City and the Authority with flexibility regarding the timing of the Authority's issuance of debt.

The proposed resolution amending and restating Resolution No. SJFA-1 modifies the regular meeting schedule of the Authority Board to coincide with the meetings of the City Council. Accordingly, the meetings of the Authority Board will be held at the same time and at the same location as the regular meetings of the City Council or such other place as the Authority Board may designate from time to time; provided that if there is no business of the Authority Board to transact at such meeting, the meeting will be cancelled.

The proposed resolution also confirms the appointment of Authority officials and adopts the Amended and Restated Bylaws (a copy of which is attached to the resolution) and updates the reference to the Conflict of Interest Code to clarify that that members of the Governing Board of the City of San José Financing Authority are subject to the provisions of the Conflict of Interest Code of the City, adopted by the City Council on March 24, 2009 by Resolution No. 74837, as may be amended.

### **Financing Team Participants**

The financing team participants consist of:

City's Financial Advisor:	Public Resources Advisory Group
Bond Counsel:	Jones Hall
Letter of Credit Banks:	State Street Bank and Trust Company California State Teachers' Retirement System
Bank Counsel:	Fulbright & Jaworski
Trustee/Issuing and Paying Agent:	Wells Fargo Bank

### **EVALUATION AND FOLLOW-UP**

This memorandum presents the set of recommendations related to the City Council and the Authority's approval of various actions related to the City of San José Financing Authority Lease Revenue Commercial Paper Program and amendments to the bylaws of the Authority and requires no follow-up to the City Council or the Authority Board. No additional evaluation or follow up is necessary.

### **PUBLIC OUTREACH/INTEREST**

The form of the proposed amendment will be posted to the agenda webpage for the joint meeting of the City and the Authority on or about April 9, 2010.

- ☒ **Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- ☐ **Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

### **COORDINATION**

This report was prepared by the Finance Department in coordination with the Department of Housing and the City Attorney's Office.

### **COST SUMMARY/IMPLICATIONS**

Compensation for the City's consultants (financial advisor, bond counsel and bank counsel) and other related costs will be paid from CP Note proceeds. There is no budgetary impact to the amortization of principal and repayment of interest and fees for the CP Program for FY 2009-10. The interest and fees incurred for the CP Program are capitalized and allocated on a pro-rata basis for each of the projects funded by the CP Program. The annual debt service schedule is calculated based on the specific repayment terms of each project as approved by City Council and the Authority Board.

The budget appropriation actions related to the loan to the Low-Mod Housing Fund are included in a separate Council Memorandum agendized for City Council approval on April 20, 2010.

HONORABLE MAYOR AND CITY COUNCIL AND CITY OF SAN JOSE FINANCING AUTHORITY BOARD

March 29, 2010

Subject: **Actions related to the CP Program & Amendments to the Authority Bylaws**

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**CEQA**

Not a project.

/s/

JULIA HARPER COOPER

Assistant Director of Finance

For questions, please contact Arn Andrews, Treasury Division Manager, Finance, at (408) 535-7041.

# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL  
AND CITY OF SAN JOSE FINANCING  
AUTHORITY BOARD

**FROM:** Scott P. Johnson  
Leslye Krutko  
Jennifer A. Maguire

**SUBJECT:** SEE BELOW

**DATE:** April 2, 2010

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Approved

Date

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**SUBJECT: ADOPTION OF APPROPRIATION ORDINANCE AND FUNDING  
SOURCES RESOLUTION AMENDMENTS IN THE ICE CENTRE  
REVENUE FUND, LOW AND MODERATE INCOME HOUSING FUND,  
SEWAGE TREATMENT PLANT CONNECTION FEE FUND, AND  
SUBDIVISION PARK TRUST FUND**

## RECOMMENDATION

1. Adoption of the following Appropriation Ordinance and Funding Sources Resolution amendments in the Low and Moderate Income Housing Fund:
  - a) Increase the estimate for Earned Revenue by \$52,734,250
  - b) Establish a Loan to the San José Redevelopment Agency in the amount of \$52,000,000
  - c) Establish a Reserve for the Loan Origination and Annual Monitoring Fee in the amount of \$406,250
  - d) Increase the Debt Service appropriation by \$172,000
  - e) Establish an appropriation to the Housing Department for Commercial Paper Debt Service in the amount of \$156,000
2. Adoption of the following Appropriation Ordinance amendments in the Ice Centre Revenue Fund:
  - a) Establish a Loan to the San José Redevelopment Agency in the amount of \$2,000,000
  - b) Decrease the Ending Fund Balance by \$2,000,000
3. Adoption of the following Appropriation Ordinance amendments in the Sewage Treatment Plant Connection Fee Fund:
  - a) Establish a Loan to the San José Redevelopment Agency in the amount of \$5,000,000

April 2, 2010

**Subject: Adoption of Appropriation Ordinance and Funding Sources Resolution Amendments in the Ice Centre Revenue Fund, Low and Moderate Income Housing Fund, Sewage Treatment Plant Connection Fee Fund, and Subdivision Park Trust Fund**

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- b) Decrease the Reserve for Treatment Plant Expansion by \$5,000,000
- 4. Adoption of the following Appropriation Ordinance amendments in the Subdivision Park Trust Fund:
  - a) Establish a Loan to the San José Redevelopment Agency in the amount of \$3,000,000
  - b) Decrease the Reserve for Future Parkland Dedication Ordinance (PDO)/Park Impact Fee Ordinance (PIFO) Projects by \$3,000,000

### **OUTCOME**

Approval of the recommendation will enable the appropriation of all funds for the purpose of loaning funds to the City of San José Redevelopment Agency (Agency) to meet the State mandated payment of \$62 million to the Supplemental Educational Revenue Augmentation Fund (SERAF) on May 10, 2010. The appropriation actions required for the Agency to meet the State mandated SERAF payment of \$12.8 million on May 10, 2011 will be incorporated into the 2010-2011 Budget.

### **EXECUTIVE SUMMARY**

This memorandum implements the appropriation actions related to the SERAF loan that will be made by the City to the Agency. It is recommended that Council approve the following budget actions for 2009-2010: (1) loan appropriations for the Subdivision Park Trust Fund (\$3,000,000), the Sewage Treatment Plan Connection Fee Fund (\$5,000,000), the Ice Centre Revenue Fund (\$2,000,000), and the Low and Moderate Income Housing Fund (\$52,000,000); (2) revenue appropriation for the Low and Moderate Income Housing Fund (\$52,734,250); and (3) Interest and Fee Expense appropriations and Reserve for loan fees be established for the Low and Moderate Income Housing Fund (\$734,250).

These actions will allow the City to fund the SERAF loan to the Agency as outlined in the SERAF financing plan approved by City Council, Redevelopment Agency Board, and the City of San José Financing Authority (Authority) Board at the joint meeting held on February 23, 2010.

### **BACKGROUND**

On July 28, 2009 Governor Schwarzenegger signed a package of 26 bills, as amended, to close the \$23.24 billion budget shortfall in the 2009-2010 State Budget. The budget package required redevelopment agencies across the state to make payments totaling \$1.7 billion in FY 2009-10 and \$350 million in FY 2010-11 to K-12 school districts serving students living in or near their

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redevelopment areas. Redevelopment agencies must deposit these payments into a new county SERAF for allocation to the designated school districts. For the Agency, the impact is estimated at \$62 million in FY 2009-2010 and an additional \$12.8 million in FY 2010-2011. If the Agency does not make the SERAF payments, the Agency faces a "death penalty," which essentially requires the Agency to suspend all operations other than existing obligations.

On February 23, 2010, the City Council, the City of San Jose Financing Authority Board, and the Redevelopment Agency Board authorized the City Manager, the Authority Executive Director, and the Agency Executive Director to negotiate and execute a Loan Agreement between the City and the Agency to provide funds to the Agency in the total principal amount of \$75 million from various funding sources. The following chart provides the sources of funds that will be used to finance the SERAF loan:

**Table 1 – Summary of Sources & Use of Funds***(millions of dollars)*

	<b>FY 2009-10</b>	<b>FY 2010-11</b>	<b>Total</b>
<b><u>Sources of Funds</u></b>			
Inter-Fund Loan:			
Subdivision Park Trust Fund	\$3.0		\$3.0
Sewage Treatment Plant Connection Fee Fund	5.0		5.0
Ice Centre Revenue Fund	2.0		2.0
Housing Fund Loan:			
Low and Moderate Income Housing Fund	52.0	13.0	65.0
<b>Total Sources of Funds</b>	<b>\$62.0</b>	<b>\$13.0</b>	<b>\$75.0</b>
<b><u>Use of Funds</u></b>			
SERAF Payment	\$62.0	\$13.0	\$75.0



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On March 30, 2010, the City Council and the Redevelopment Agency Board approved the Redevelopment Agency Housing Set-Aside Tax Allocation Bonds, Series 2010A, 2010B, and 2010C for the purpose of funding various affordable housing projects. The approval of this bond issuance freed up \$40 million in the Low and Moderate Income Housing Fund which will be utilized to fund a portion of the SERAF loan.

On April 20, 2010, staff will go to Council and Financing Authority Board with a recommendation to take actions related to the City of San José Financing Authority's Commercial Paper Program in order to allow issuance of Commercial Paper Notes to fund a loan to the Low and Moderate Income Housing Fund for the purpose of funding low and moderate income housing activities and administration costs. The approval of these actions will free up funds in the Low and Moderate Income Housing fund for the SERAF loan in the amount of \$25 million.

## **ANALYSIS**

### **Principal Amount of the SERAF Loan**

The SERAF financing plan approved on February 23, 2010 recommended funding the Agency's SERAF payments through a loan from the City to the Agency from the following sources:

1. \$10 million from the following City special funds: the Subdivision Park Trust Fund (\$3 million), the Sewage Treatment Plant Connection Fee Fund (\$5 million), and the Ice Centre Fund (\$2 million) (Inter-Fund Loan); and
2. The Low and Moderate Income Housing Fund (Low-Mod Housing Fund) in an amount sufficient to fund the remaining \$65 million in SERAF payments plus the associated issuance and carrying costs of debt issued to create flexibility in the Housing Funds so as to make the loan (Housing Fund Loan).

The SERAF loan funds will be disbursed to the Agency in two installments, in sufficient time for the Agency to make the required payments of \$62 million on May 10, 2010 and \$12.8 million on May 10, 2011. The first installment will be funded by the Inter-Fund Loan (\$10 million) and the Housing Fund Loan (\$52 million). The second installment of \$12.8 million will be funded by the Housing Fund Loan.

### **Associated Fees for SERAF**

Based on the loan terms approved on February 23, 2010, the SERAF loan to the Agency is subject to the following loan fees:

- **Origination Fee** – A one-time loan origination fee estimated at \$375,000 based on a total SERAF loan value of \$75 million. This loan origination fee of 0.50% (1/2 of 1%) is applied to the principal amount and is payable by May 10, 2010 (coinciding with the timing for the

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deposit to SERAF) to reimburse the City's General Fund for the resources utilized to develop, analyze and implement the SERAF loan funding components;

- **Annual Monitoring Fee** – An annual loan administration and monitoring fee estimated at \$187,500 per year based on a loan value of \$75 million. This annual loan administration and monitoring fee of 0.25% is applied to the original principal amount (not based on the declining par amount of the loan) for each year the SERAF loan remains outstanding to reimburse the City's General Fund for the staff resources necessary for the on-going administrative tasks associated with the SERAF loan .

The loan fees noted above total \$406,250 for 2009-2010. This figure recognizes that the monitoring fee will be prorated to reflect two months of monitoring efforts this fiscal year. These fees will initially be paid by the Low and Moderate Income Housing Fund and ultimately reimbursed by the Redevelopment Agency along with the SERAF loan plus associated costs. These fees are revenues to the General Fund for reimbursement of staffing costs associated with the loan origination, administration and monitoring of the SERAF loan since the expenditures are budgeted in the General Fund and have already been incurred or will be incurred by the end of the fiscal year.

It should be noted that due to other vacancy savings that have accumulated in the Finance Department this year, Finance's personal services expenditures are currently tracking within its existing appropriation by year-end. Therefore, it will not be necessary to appropriate the 2009-2010 SERAF fees to fund the associated 2009-2010 Finance personal costs for the initial administration of the SERAF loan. Instead, the General Fund revenue to be recognized in 2009-2010 for the reimbursement of the SERAF administration costs will be recommended to be used to offset the potential loss in Business Tax revenue associated with the incentives approved by City Council on March 16, 2010. The memorandum discussing the Business Tax incentive and associated budgetary appropriations is scheduled for Council consideration later on this month.

#### *Associated Interest Costs for SERAF*

All associated interest costs incurred to finance the SERAF loan will be added to the total value of the loan. The inter-fund loans will accrue interest annually based on the actual interest rate earned by the City's pooled investments and this value will be recorded as a receivable to each fund. The following two sources, however, will incur actual interest costs both monthly and quarterly:

- **Tax Allocation Bonds** – The Housing Department will be issuing \$40 million in Tax Allocation Bonds in order to fund affordable housing projects. Interest on this amount will be billed to the City on a quarterly basis and based on one month LIBOR plus a spread of 172 basis points.

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- **Commercial Paper** – The Authority will be issuing \$25 million in Commercial Paper Notes to fund low and moderate income housing activities. The Notes will carry all-in variable interest rates estimated at 2.55% for 2009-2010 and 2.90% for 2010-2011.

These associated interest costs are estimated to be \$172,000 for the Tax Allocation Bonds and \$156,000 for the Commercial Paper in 2009-2010. The loan is anticipated to be funded in May 2010; therefore interest charges are only for two months in 2009-2010. The annual interest costs for 2010-2011 are estimated to be \$1,172,000 for the Tax Allocation Bonds and \$904,500 for the Commercial Paper.

As staff reported to Council on February 23, 2010, the total estimated interest costs for the SERAF loan is between 4 to 5%, which consists of third-party interest, banking fees and the City's loan fee. These costs compare favorably to the interest cost estimate of approximately 8.50% the Agency received in late 2008 for taxable bonds or the costs that may be associated with a new financing debt issue of the Agency. The actual interest costs may vary depending on financial market factors that affect interest rates, liquidity, competition, demand, and other global macro and micro economic factors.

#### Pending Litigation

The California Redevelopment Association has filed a lawsuit to challenge the State's budget action this year with regards to the SERAF payments. Should the CRA lawsuit prevail, at the time the lawsuit prevails (final judgment) the Agency will either immediately repay the City all outstanding SERAF loan amounts including incurred administrative costs, or if the funds have not yet been transferred, the SERAF loan terms will be null and void and the source funds will be entitled to use the specified funds for their original purposes.

#### Appropriation Actions

In order to implement this funding plan, appropriations must be established in each fund involved in the funding of the SERAF loan to the Agency. The recommendation of this memorandum is to establish appropriations in the following funds in 2009-2010:

#### **Fiscal Year 2009-2010**

##### LOANS TO THE AGENCY:

Subdivision Park Trust Fund (Fund 375)	\$3,000,000
Sewage Treatment Plant Connection Fee Fund (Fund 539)	\$5,000,000
Ice Centre Revenue Fund (Fund 432)	\$2,000,000
Low and Moderate Income Housing Fund (Fund 443)	\$52,000,000

##### REVENUES:

Tax Allocation Bonds (Fund 443)	\$40,000,000
Commercial Paper (Fund 443)	\$12,734,250

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**Subject: Adoption of Appropriation Ordinance and Funding Sources Resolution Amendments in the Ice Centre Revenue Fund, Low and Moderate Income Housing Fund, Sewage Treatment Plant Connection Fee Fund, and Subdivision Park Trust Fund**

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RESERVE:

Loan Origination and Monitoring Fees (Fund 443)	\$406,250
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INTEREST AND FEE EXPENSES:

Tax Allocation Bonds Interest (Fund 443)	\$172,000
Commercial Paper Interest (Fund 443)	\$156,000
Loan Origination and Monitoring Fees (Fund 443)	\$406,250

Appropriations will be established and revenues recognized for these actions associated with the SERAF loan for 2009-2010. Future appropriation actions will be brought forward to the City Council as a part of the proposed budget process for 2010-2011.

EVALUATION AND FOLLOW-UP

This memorandum presents the set of recommendations related to City Council approval of the proposed appropriation ordinance and funding sources resolution amendments in the General Fund, Ice Centre Revenue Fund, Low and Moderate Income housing Fund, Sewage Treatment Plant Connection Fee Fund, and Subdivision Park Trust Fund to allow for the state mandated payment of the SERAF. These actions will be further discussed as a part of the City's 2010-2011 budget process.

PUBLIC OUTREACH

- ✓ **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- ☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

The recommended actions meet Criterion 1: Requires Council action on the use of public funds equal to \$1 million or greater. This memorandum will be posted on the City's website for the April 20, 2010 Council agenda.

HONORABLE MAYOR AND CITY COUNCIL

April 2, 2010

**Subject: Adoption of Appropriation Ordinance and Funding Sources Resolution Amendments in the Ice Centre Revenue Fund, Low and Moderate Income Housing Fund, Sewage Treatment Plant Connection Fee Fund, and Subdivision Park Trust Fund**

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### **COORDINATION**

This memorandum has been coordinated with the Environmental Services Department, Parks, Recreation and Neighborhood Services Department, Planning, Building and Code Enforcement Department, the City Attorney's Office, and the San José Redevelopment Agency.

### **FISCAL POLICY ALIGNMENT**

This action is consistent with the Redevelopment Agency Budget approved on February 23, 2010. In addition, the actions recommended in this memorandum are consistent with the Council-approved Budget Principles to not issue long-term General Fund debt and to meet legal commitments and requirements.

### **COST SUMMARY/ IMPLICATIONS**

2009-2010 Budget Action

1.	<b><u>LOANS TO THE AGENCY:</u></b>	
	Subdivision Park Trust Fund	\$3,000,000
	Sewage Treatment Plant Connection Fee Fund	\$5,000,000
	Ice Centre Revenue Fund	\$2,000,000
	Low and Moderate Income Housing Fund	\$52,000,000
	<b>Total</b>	<b>\$62,000,000</b>
2.	<b><u>REVENUES:</u></b>	
	Earned Revenue – Low and Moderate Income Housing Fund	\$52,734,250
	<b>Total</b>	<b>\$52,734,250</b>
3.	<b><u>RESERVE:</u></b>	
	Loan Origination and Monitoring Fee – Low and Moderate Income Housing Fund	\$406,250
	<b>Total</b>	<b>\$406,250</b>
4.	<b><u>INTEREST AND FEES:</u></b>	
	Low and Moderate Income Housing Fund:	
	Tax Allocation Bonds Interest	\$172,000
	Commercial Paper Interest	\$156,000
	Loan Origination and Monitoring Fee	\$406,250
	<b>Total</b>	<b>\$734,250</b>

HONORABLE MAYOR AND CITY COUNCIL

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**Subject: Adoption of Appropriation Ordinance and Funding Sources Resolution Amendments in the Ice Centre Revenue Fund, Low and Moderate Income Housing Fund, Sewage Treatment Plant Connection Fee Fund, and Subdivision Park Trust Fund**

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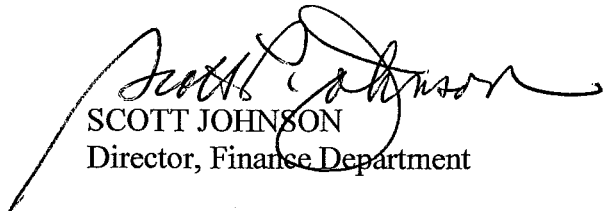
**BUDGET REFERENCE**


The table below identifies the funds and appropriations proposed to fund the actions recommended as part of this memo to fund the loan to the San José Redevelopment Agency.

Fund #	Appn #	Appn. Name	Total Appn	Amt. for Loan	2009-2010 Adopted Budget	Last Budget Action (Date, Ord. No.)
432	8999	Ending Fund Balance	\$5,119,259	\$2,000,000	Operating Page XI - 49	02/09/10, Ord. No. 28698
539	8681	Reserve for Treatment Plant Expansion	\$11,324,635	\$5,000,000	Operating Page XI - 81	02/09/10, Ord. No. 28698
375	8845	Reserve: Future PDO/PIFO Projects	\$24,970,983	\$3,000,000	Capital Page V- 684	02/09/10, Ord. No. 28698

**CEQA**

Not a project.

  
SCOTT JOHNSON  
Director, Finance Department

  
LESLYE KRUTKO  
Director, Housing Department

  
JENNIFER A. MAGUIRE  
Budget Director

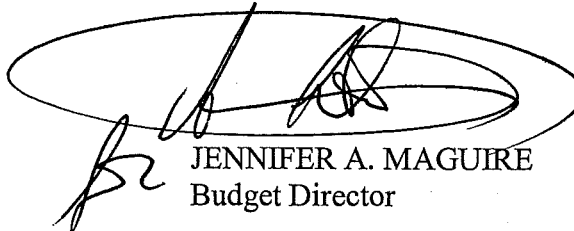
HONORABLE MAYOR AND CITY COUNCIL

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I hereby certify that there will be available for appropriation in the Low and Moderate Income Housing Fund in the fiscal year 2009-2010 moneys in excess of those heretofore appropriated therefrom, said excess being at least \$52,734,250.



JENNIFER A. MAGUIRE  
Budget Director

For questions, please contact SCOTT JOHNSON, Director of Finance, at 408-535-7001.